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ABSTRACT

Developing financial fitness requires first developing a knowledge base and then applying it. This teacher guide and student storybook package focuses on personal finance skills for primary school students in grades K-2. The teacher guide contains 16 lessons divided into the 5 theme areas of earning an income, saving, spending, borrowing, and managing money. Each lesson, if fully implemented, will generally take two class periods. Most lessons in the guide include two to three major activities besides the "Warm-up" (Introduction) and the "Cool Down" (summary and review). Activities are categorized as those suitable for all students at grades K-2 and those that may be challenging for some students at the K-2 level. For each lesson, there is a story found in the student storybook "Penny and Nicholas: The Pocket Power Kids" that the teacher reads to the students. The storybook presents 16 sequential stories that also can be used individually. Besides the fitness focus, the guide's materials are based on the National Council on Economic Education's Voluntary National Content Standards for Economics. Crosstraining activities are an integral part of the materials for grades K-2. The teacher guide lists equipment needed, gives student objectives, and provides a lesson description. (Contains a language arts matrix, a mathematics matrix, an economics matrix, and a personal finance matrix at the beginning of the guide.) (BT)

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Pocket Power, Grades K-2

Teacher Guide
[and]
Student Storybook

Financial Fitness for Life

Martha C. Hopkins
Donna K. Wright

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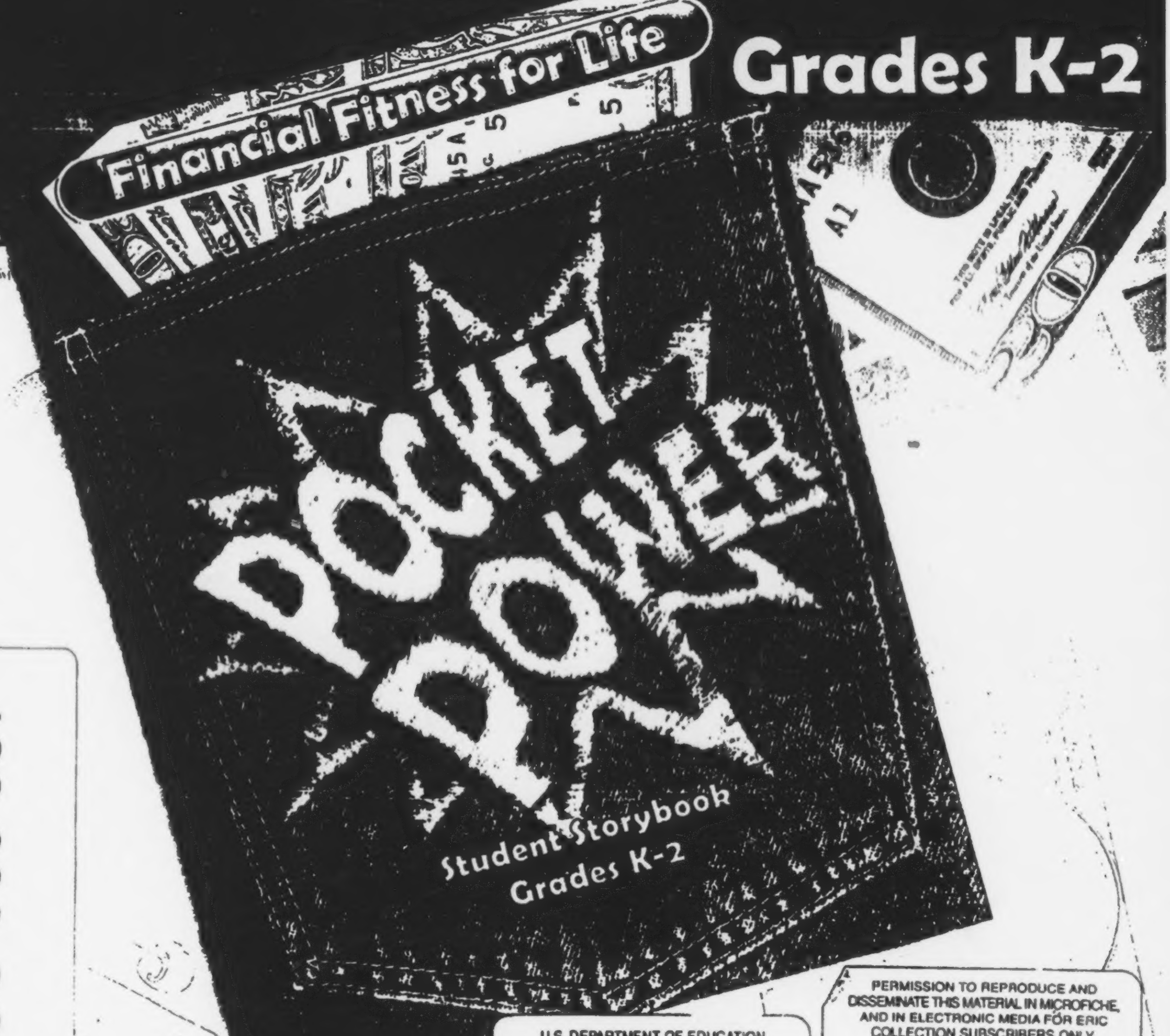
Financial Fitness for Life

TEACHER GUIDE

Grades K-2



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Financial Fitness for Life

Pocket Power

Grades K-2

Teacher Guide

Martha C. Hopkins
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-NCEE-

National Council on Economic Education

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FOREWORD

For more than 50 years, the National Council on Economic Education (NCEE) has been calling attention to the need to educate our young people effectively in the skills of economics and personal finance and showing how that need can best be met. These new materials for teachers, sponsored by the Bank of America Foundation, provide an excellent and dramatic step in the direction of improving economic and financial literacy.

NCEE is proud of this splendid partnership with the Bank of America Foundation—and of the product.

We have found that students exposed to the economic way of thinking are more self-confident and more competent in making financial decisions, building their careers, and acting as informed citizens. By gaining understanding of the "real" world, we increase our prospects for better lives. Thanks to this distinctive program, we can now improve substantially on that kind of learning-for-life for millions of young people—who are our future.

NCEE's new multifaceted, comprehensive, and integrated program addresses the issue of economic and financial illiteracy by offering teaching-learning materials at four levels—grades K-2, 3-5, 6-8, and 9-12. There are 15 to 22 lessons in each part. Content for each of the grade levels is based on the *Voluntary National Content Standards for Economics*, which NCEE wrote and published, as well as the national guidelines for personal finance. Lessons are geared to active learning with games, simulations, role-playing, and computer use. All of the materials are also correlated with the extensive educational tools in personal finance and economics on our web site: **www.ncee.net**.

One exciting feature of these outstanding materials is that, for the first time, NCEE is offering parent guides for each educational level. Our research shows that students learn a considerable amount of their economic decision-making abilities from their parents. So NCEE is committed to assisting parents in the practical education of their children. These guidebooks are fun, as well as informative and instructive, for both students and their parents.

Nationally recognized experts in personal finance and economic education wrote the materials. Other experts and practitioners in the field reviewed them. The materials were then field-tested in three states over a period of two months. Each lesson was used by at least six teachers in urban, suburban, and rural settings. Refinements were made in the lessons according to the reviews from the field testing.

We are proud of the results—which will now become the leading edge of personal finance education for all students K-12.

Our thanks go to many people for this important development. Without the visionary philanthropy of the Bank of America Foundation, this project would not have been possible. We are also indebted to the authors of each set of documents; their dedication, insight, and creativity will become immediately apparent to users of these materials in the classroom and at home. We are grateful as well to the reviewers of the materials, and to the teachers, parents, and students in California, Florida, and Texas who field-tested the materials. Finally, and especially, we thank Dr. John E. Clow who directed the developmental work; because he has worked in the vineyard of economic and personal financial education for several decades, his knowledge of the field has been invaluable in orchestrating this significant project.

Robert F. Duvall, Ph.D.
President & Chief Executive Officer
The National Council on Economic Education (NCEE)

INTRODUCTION

The Financial Fitness for Life Curriculum consists of high-quality materials that assist students from kindergarten to grade 12 in making better decisions for earning income, spending, saving, borrowing, investing, and managing their money. The materials at the four levels (grades K-2, 3-5, 6-8, and 9-12) focus on a fitness theme.

Developing financial fitness is like developing physical fitness. Both require first developing a knowledge base and then applying it. The development of knowledge for use in the everyday life of the students is a main goal of the lessons. Each level uses fitness terminology. The headings for the different parts of each lesson include *Equipment* (materials needed), *Warm-up* (introduction to lesson), *Workout* (body of lesson), and *Cool Down* (summary and review). An analogous concept stressed in the materials is that one must continually work on financial fitness, just as with physical fitness, because of new developments. The materials emphasize, though, that some basic routines are used in order to maintain financial fitness, such as the importance of determining the cost of each choice and the realization that there is no free lunch.

Besides the fitness focus, common features to all of the levels include:

1. Each set of materials is based on **national standards**. Matrices showing how the materials relate to national language arts and mathematics standards are provided in the opening pages of the K-2 and 3-5 grade level documents. Matrices also show how each lesson relates to the national standards for economics and the national guidelines for personal finance for all four levels of the materials.
2. All materials employ economics, called **the science of decision making**, as a way to prioritize the staggering array of choices facing students when they make decisions. By prioritizing, students learn how to make better decisions, and, equally important, to avoid poor ones. The emphasis on using economic concepts and an economic way of thinking distinguishes these materials from other materials used to develop personal financial literacy. The economic concepts and economic ways of thinking are basic fitness routines used when a person deals with personal financial matters.
3. Active learning and student reflection on these activities dominate all materials. Active learning without reflection does not necessarily enhance true learning defined as changing behavior. Active learning *plus* reflection optimizes true learning. As with physical fitness, one must "do" and then "reflect" upon what one did in order to incorporate that learning into one's lifestyle.
4. Developing physical fitness involves doing a variety of exercises and varying those exercises over time. Similarly, these materials include a variety of methods that appeal to many different learning styles. Role playing, group discussions, gathering information from the Internet, reading materials, interviewing individuals, drawing pictures, and analyzing case problems are some of the many teaching methods that are found in the materials. Even more materials are available on the web site of the National Council on Economic Education **(www.ncee.net)** to add to the repertoire of activities and materials, available to develop financial fitness.

5. A number of influential coaches can enhance the fitness process, especially when developing financial fitness. Parents as partners in the educational process are an integral part of this set of materials. Parents play an important role in developing the personal financial literacy of their children because of the modeling that they do in everyday life. The lesson plans for each educational level have a parent guide, which provides background information and fun activities for both the parent and the child.
6. Similar to planning physical fitness activities for different ages, the economic and personal finance concepts are approached at the experiential/developmental level of the student. More abstract applications of economic and personal finance concepts are found at the higher educational levels than at the lower ones. The developmental approach to learning has been a hallmark of National Council on Economic Education (NCEE) materials for several decades.

Using the Teacher Guide for **Pocket Power**

SIXTEEN LESSONS—divided into the five theme areas of earning an income, saving, spending, borrowing, and managing money, are found in the K-2 document. Each lesson, if fully implemented, will generally take two class periods. Most lessons include two to three major activities besides the *Warm-up* (introduction) and the *Cool Down* (summary and review). The activities are categorized as those suitable for all students at grades K-2 and those that may be challenging for some students at the K-2 level.

For each lesson, there is a story the teacher reads to the children found in the storybook, *Penny and Nicholas: The Pocket Power Kids.* The storybook is sequential in that it flows from story 1 to story 16. Yet, each of the stories can stand alone. Accordingly, a teacher who wants to use some of the lessons and not all of them can still use the stories with the selected lessons.

THE PARENTS' GUIDE has activities that parents can do with their children. *The Parents' Guide* includes content, worksheet activities, other activities, and resources. It is recommended that a guide be provided for each parent. A letter to the parent from the teacher will help gain the cooperation of the parents to do the activities with their children. A reminder of when the parents should do a specific activity with their children would be beneficial in developing this school/home educational partnership.

CROSSTRAINING ACTIVITIES are an integral part of the materials for Grades K-2. Crosstraining provides a way to maintain and reinforce financial fitness through such areas as language arts, music, mathematics, technology, and physical education. One crosstraining activity is included for each lesson. Other crosstraining activities are provided on the National Council on Economic Education web site, **www.ncee.net**. There are also many other activities provided on that web site, specifically geared for these lessons. Please acquaint yourself with these additional valuable resources to provide for the various learning styles or needs of your students.

ASSESSMENT QUESTIONS are provided at the end of each theme. Questions are provided for different levels of students in your classes in each of the five assessment sections.

As is shown by the individuals in the storybook, children enjoy learning about personal finance. It is an interdisciplinary area where language arts, computation, economics, finance, reasoning, and decision making are all brought together. We hope that you and your students will enjoy the learning activities in these lessons and find an exciting adventure dealing with some very important facts and skills for life.

John E. Clow, Ed.D.
Project Director
Financial Fitness for Life

Claire Melican
Vice President for Program Administration
National Council on Economic Education

TABLE 1

Correlation of **Pocket Power** Lessons with the National Standards for the English Language Arts*

⇩ Standards/Lessons ⇨	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Students:																
Read a wide range of print and nonprint texts to build an understanding of texts, of themselves, and of the cultures of the United States and the world; to acquire new information; to respond to the needs and demands of society and the workplace; and for personal fulfillment. Among these texts are fiction and nonfiction, classic and contemporary works.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Read a wide range of literature from many periods in many genres to build an understanding of the many dimensions (e.g., philosophical, ethical, aesthetic) of human experience.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Apply a wide range of strategies to comprehend, interpret, evaluate, and appreciate texts. Students draw on their prior experience, their interactions with other readers and writers, their knowledge of word meaning and of other texts, their word identification strategies, and their understanding of textual features (e.g., sound-letter correspondence, sentence structure, context, graphics).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Adjust their use of spoken, written, and visual language (e.g., conventions, style, vocabulary) to communicate effectively with a variety of audiences and for different purposes.		✓				✓				✓						✓
Employ a wide range of strategies as they write and use different writing process elements appropriately to communicate with different audiences for a variety of purposes.		✓														✓

TABLE 1 CONTINUED

⇩ Standards/Lessons ⇨	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Students:																
Apply knowledge of language structure, language conventions (e.g., spelling and punctuation), media techniques, figurative language, and genre to create, critique, and discuss print and nonprint texts.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Conduct research on issues and interest by generating ideas and questions, and by posing problems. They gather, evaluate, and synthesize data from a variety of sources (e.g., print and nonprint texts, artifacts, people) to communicate their discoveries in ways that suit their purpose and audience.										✓						
Use a variety of technological and informational resources (e.g., libraries, databases, computer networks, video) to gather and synthesize information and to create and communicate knowledge.										✓						
Participate as knowledgeable, reflective, creative, and critical members of a variety of literacy communities.								✓	✓	✓			✓			✓
Use spoken, written, and visual language to accomplish their own purposes (e.g., for learning, enjoyment, persuasion, and the exchange of information).	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

* *Standards taken from* Standards for the English Language Arts, *International Reading Association (IRA) and the National Council of Teachers of English (NCTE), 1996.*

TABLE 2

Correlation of **Pocket Power** Lessons with National Mathematics Standards and Benchmarks*

⇓Standards /Lessons ⇒	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
NUMBER AND OPERATION																
Understand numbers, ways of representing numbers, relationships among numbers and number systems.																
• Count with understanding and recognize "how many" in sets of objects.	✓		✓		✓	✓	✓	✓	✓					✓	✓	
• Develop understanding of the relative position and magnitude of whole numbers and of ordinal and cardinal numbers and their connections.			✓					✓								
Understand the meaning of operations and how they relate to each other.																
• Understand various meanings of addition and subtraction of whole numbers and the relation between the two operations.				✓		✓			✓						✓	
• Understand the effects of adding and subtracting whole numbers.					✓	✓	✓		✓					✓		
• Understand situations that entail multiplication and division, such as equal groupings of objects and sharing equally.						✓										
Compute fluently and make reasonable estimates.																
• Develop and use strategies for whole-number computations, with a focus on addition and subtraction.			✓		✓	✓	✓		✓							

TABLE 2 CONTINUED

⬇ Standards/Lessons ➡	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
• Develop fluency with basic number combinations for addition and subtraction.						✓										
• Use a variety of methods and tools to compute, including objects, mental computation, estimation, paper and pencil, and calculators.	✓				✓	✓	✓		✓							
ALGEBRA																
Understand patterns, relations, and functions.																
• Sort, classify, and order objects by size, number, and other properties.			✓													
Represent and analyze mathematical situations and structures using algebraic symbols.																
• Use concrete, pictorial, and verbal representations to develop an understanding of invented and conventional symbolic notations.	✓															
• Use appropriate symbolic representation of mathematical situation.							✓									
Use mathematical models to represent and understand quantitative relationships.																
• Model situations that involve addition and subtraction of whole numbers, using objects, pictures, and symbols.	✓		✓		✓	✓						✓				
DATA ANALYSIS AND PROBABILITY																
Formulate questions that can be addressed with data and collect, organize, and represent data to answer them.																
• Sort and classify objects according to their attributes and organize data about the objects.			✓													

TABLE 2 CONTINUED

⇩ Standards/Lessons ⇨	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
• Represent data using concrete objects, pictures, and graphs.	✓		✓					✓								
Select and use appropriate statistical methods to analyze data.																
Describe parts of the data and the set of data as a whole to determine what the data show.								✓								
PROBLEM SOLVING																
• Build new mathematical knowledge through work problem solving.									✓							
• Solve problems that arise in mathematics and other contexts.					✓				✓							
COMMUNICATION																
• Communicate their mathematical thinking coherently and clearly to peers, teachers, and others.					✓	✓								✓	✓	

* *Standards taken from* Principles and Standards for School Mathematics, *the National Council of Teachers of Mathematics (NCTM), 2000.*

TABLE 3

Correlation of **Pocket Power** Lessons with the National Standards for Economics*

⇩ Standards/Lessons ⇨	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Scarcity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Marginal costs/marginal benefits			✓	✓	✓	✓	✓	✓	✓	✓	✓		✓			✓
3. Allocation of goods and services		✓						✓	✓			✓				
4. Role of incentives			✓	✓	✓	✓		✓	✓	✓	✓					
5. Gain from trade			✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓
6. Specialization and trade	✓	✓	✓													
7. Markets – price and quantity determination	✓	✓	✓		✓	✓		✓	✓	✓	✓			✓		✓
8. Role of price in market system									✓							
9. Role of competition																
10. Role of economic institutions				✓	✓	✓	✓					✓	✓	✓		✓
11. Role of money		✓	✓		✓	✓	✓		✓					✓		
12. Role of interest rates														✓		
13. Role of resources in determining income	✓	✓	✓													✓
14. Profit and the entrepreneur		✓														
15. Growth	✓	✓	✓													
16. Role of government																
17. Using cost/benefit analysis		✓								✓						✓
18. Macroeconomy-income/ employment, prices																
19. Unemployment and inflation																
20. Monetary and fiscal policy		✓														✓

* *Standards taken from* Voluntary National Content Standards in Economics, *National Council on Economic Education (NCEE), 1997.*

TABLE 4

Correlation of Pocket Power Lessons with the National Personal Finance Management Guidelines*

⬇ Guidelines/Lessons ➡	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A. INCOME																
1. Determinants of income	✓	✓	✓													✓
2. Sources of income	✓	✓	✓													✓
3. Taxes and transfer payments																
B. MONEY MANAGEMENT																
4. Opportunity cost				✓	✓	✓	✓	✓	✓				✓			
5. Short and long term financial goals							✓									
6. Budgeting															✓	
7. Relationship between taxes, income, spending, and financial investment																
8. Risk management																
9. Personal financial responsibility									✓	✓		✓	✓	✓	✓	
10. Perform basic financial operations					✓	✓	✓							✓	✓	✓
C. SPENDING AND CREDIT																
11. Spending now versus spending later								✓	✓	✓	✓	✓	✓	✓		
12. Costs and benefits of multiple transactions instruments			✓					✓	✓	✓	✓	✓	✓	✓		
13. Risk and credit												✓	✓	✓		
14. Credit history and records												✓	✓	✓		
15. Rights and responsibilities of buyers, sellers, and creditors												✓	✓	✓		
16. Choosing among spending alternatives								✓	✓	✓	✓					
17. Managing financial difficulties																
D. SAVING AND INVESTING																
18. Saving now versus saving later				✓	✓	✓	✓							✓	✓	✓
19. Short- and long-term saving and investment strategies				✓	✓	✓	✓							✓	✓	✓
20. Evaluate alternative investment decisions																
21. Impact of government policies on saving and investment decisions																

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* *Guidelines taken from* Personal Financial Management Guidelines and Benchmarks, *JumpStart Coalition for Personal Financial Literacy, 1998.*

EDUCATION PAYS OFF: LEARN SOMETHING (EARNING INCOME)

THEME 1

LESSON 1

A Good Day for Money

Story 1: A Very Good Day

Fitness Focus

EQUIPMENT

- ✔ Storybook: *Story 1 - A Very Good Day*
- ✔ *A Letter to Parents (The Parents' Guide to Pocket Power)*
- ✔ Activity Sheet 1.1: *Message Pockets*
- ✔ Activity Sheet 1.2: *Money I Receive*
- ✔ Strips of construction paper (two colors for each student)
- ✔ Tape, glue, or staplers
- ✔ Crayons or markers
- ✔ Scissors and hole punch
- ✔ Six cards, each one labeled with one of the following: 0 pockets, 1 pocket, 2 pockets, 3 pockets, 4 pockets, or 5 or more pockets
- ✔ Two pieces of tag board (or one 9" x 12" mailing envelope) for each student
- ✔ One bobby pin for each student
- ✔ One piece of colored yarn approximately 40 inches long for each student

LESSON DESCRIPTION

Students listen to a short story introducing them to Penny and Nicholas, the "Money Kids." Students discuss ways people receive money—through earning income or receiving gifts. They construct "message pockets" for carrying messages between school and home. They are introduced to work skills (human capital) and the relationship between people's ability to earn income and the education and training they have. They also produce a paper chain representing the ways in which they have received money.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People receive money in several ways. Earning money by working is a common one. When working, individuals use their work skills, talents, and abilities (human capital) in a productive way. Another way people receive money is through gifts. In many instances, the

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Relate human capital to work.
- ✔ Define money earned as income.
- ✔ Differentiate between money received as income and money received as gifts.
- ✔ Identify ways to earn income.

money given by the giver was income to him/her. This lesson focuses on the differences between the two sources of money and on human capital as it is related to work.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Income, gift money, work skills (human capital), workers (producers)

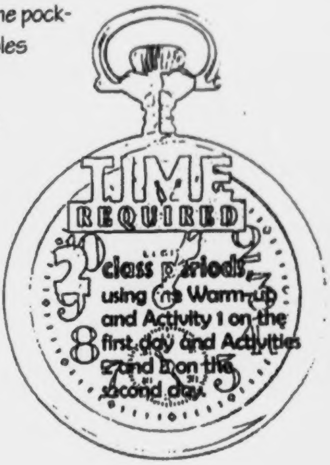
PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 1 - *Why Education Pays Off: Learn Something,* contains a letter to parents to introduce the curriculum, background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: Making Message Pockets
Use Activity Sheet 1.1: ***Message Pockets***, and cut tag board into the shape of pockets, making two for each student. (Large mailing envelopes can be used in place of tag board.) Prepunch holes along the sides and bottom of the tag boards or envelopes. (Optional: Older students may cut out the pockets and punch the holes themselves.)

B. FOR ACTIVITY 3: Income Chain
Duplicate Activity Sheet 1.2: ***Money I Receive***, making one copy per student.



TIME REQUIRED

2 class periods, using the Warm-up and Activity 1 on the first day and Activities 2 and 3 on the second day.

Workout

This symbol indicates that the lesson material is appropriate for all students in grades K-2.

This symbol indicates that the material may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 1 - A Very Good Day.*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **Why did Nicholas have a good day?** *(He received a birthday card with money from Ms. Kim.)*
2. **Where did Ms. Kim get the money that she gave Nicholas for his birthday?** *(She earned the money working in the flower shop.)*
3. **How much money did Ms. Kim give Nicholas?** *(He received two $5.00 bills, which makes $10.00.)*
4. **Why did Penny have a good day?** *(She had a new pair of five-pocket jeans, and she earned money for walking Mr. Lopez's dog.)*
5. **What had happened to Mr. Lopez earlier?** *(He sprained his ankle.)*
6. **Where did Penny put her money?** *(She put her money in her front pockets.)*
7. **What work did Penny do for Mr. Lopez to earn money?** *(She walked his dog, Peluche.)*
8. **Why did Penny feel good about the money in her pocket?** *(She earned it.)*
9. **What special name did Mr. Lopez call the money that Penny earned?** *(Income.)*
10. **Who had money in the story?** *(Penny and Nicholas.)*

C. Describe times that you have received money, and tell whether you received the money as a gift or earned it as income. *(Answers will vary.)*

BEST COPY AVAILABLE

EXERCISE

ACTIVITY 1 — Message Pockets

1. To introduce this activity, have students count the pockets on their clothing. Hold up a card labeled "0 pockets" and have students with no pockets stand up. Then use the "1 pocket" card and continue the game through the "5 pockets" card so that each student has a chance to participate.

2. Optional: Provide additional counting practice by having students count all pockets in the classroom. Then count separately the pockets of boys, pockets of girls, pockets on pants, and pockets on shirts. Then let students display the results on graphs, perhaps using pictures of pockets.

3. Ask students the following questions and allow time for discussion:

- **What do you put in your pockets?** *(Lunch money, treasures, tissues.)*
- **Why do you have pockets?** *(To keep things safe, to hold things, to have things.)*

4. Tell students that they will now become workers, and make some pockets to use at home and at school. (Optional: For older students introduce the term, *producers*, explaining that as they work on the pockets they will become producers.)

5. Construct a sample pocket, showing students each step. Cut two pockets from tag board, using Activity Sheet 1.1: *Message Pockets*, and punch the holes. "Sew" the pocket pieces together, using a bobby pin threaded with yarn.

6. Distribute the materials for students' pockets: prepunched tag board (or envelopes), colored yarn, bobby pins, and crayons or markers. Have students construct and decorate their Message Pockets.

7. Tell students that the pockets are called "Message Pockets." They will be used throughout these lessons to carry things to and from home.

ACTIVITY 2 — Exploring Work Skills (human capital)

1. Select someone in the school building whom students see doing work, such as the librarian, custodian, or principal. Explain to students that this person is a worker or producer at the school.

2. Write "Mr./Ms.__________ can..." on the board. Have students suggest ways to complete the sentence with words that describe the skills and abilities the person uses at school. List students' suggestions on the board.

3. Introduce the term *work skills*. Explain that work skills (*human capital*) are all the skills, abilities, and knowledge that a person uses to do work.

Note: Because human capital is rather confusing terminology for very young children, the label "work skills" has been applied to this concept in these lessons. However, more advanced and mature students may be able to handle the technical term.

4. Tell the students that this person receives money, called *income*, for doing work at school. Ask the students to give examples of the skills and abilities of people they know who earn income.

5. Have the students name skills they used when making the message pockets. (*Sewing, coloring, drawing, writing.*) Create a list on the board. Explain that these skills represent the work skills (human capital) they used in the previous activity. Ask if they received income from their work? *(No.)*

6. Tell the students to think about other work they do in the classroom and at home. Ask if they receive income for this work. (*Answers will vary.*) Explain that people receive income for some work they do, but they often do other work for which they are not paid, such as schoolwork and chores at home. Discuss the jobs for which they *do* receive income and the ones for which they *do not* receive income.

7. Explain to the students that when they are older they will earn income because of the knowledge, skills, and abilities they possess, particularly those developed in school.

ACTIVITY 3 — Income Chain

1. Ask the students if they remember the story about Penny and Nicholas. Reread *A Very Good Day*, if necessary. Explain that Penny and Nicholas received money in different ways. Write "Money We Receive" on the chalkboard, as illustrated below.

Money We Receive

Income earned	Gift Money
Taking out trash	Birthday
Making the bed	Celebrations
Taking care of a pet	For lost teeth

2. Have the students name the person who received money for work. (*Penny.*) Explain that money received for work is called *income*. Write "Income Earned" under "Money We Receive" as one of two column headings. (See illustration.) Remind students that income is money received for doing work.

3. Have the students name the person who received money as a gift. (*Nicholas.*) Write "Gift Money" as the second column heading. Remind the students that gifts are purchased with income from someone's productive work. Ask students who earned the income to provide the gift for Nicholas. (*Ms. Kim.*)

4. Ask the students for examples of money they have received. Have the students decide which column is correct for their responses. Encourage the older students to explain why they put each item under a given category.

5. Divide the class into work groups. Give each group two stacks of paper strips in two different colors plus glue or tape.

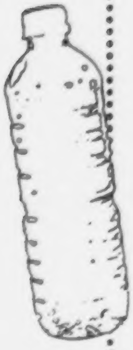
6. Tell the students which color will represent money earned as income and which color will represent money received as a gift. Tape a paper strip of the color representing income under the words "Income Earned" on the board. Tape the other color under "Gift Money."

7. In their work groups, have the students tell about their experiences earning income and receiving gift money. As students give examples of money received, the group should take a matching color strip and add links to the chain. Optional: Have the student write a word, a letter, or a small picture on the paper strip to identify the source of the money received.

8. Have the students add links to the group chains until all have participated and the chain has been made. Attach the group chains to make one large chain.

9. To conclude, have the students look at the chain and determine whether more students received money as earned income or as gifts. Ask them to pretend that their parents made a chain about money they received. Would their parents' chains look like their chain? Why or why not? (*Parents probably earn much more income than they receive in gifts.*)

10. Have the students create a bar graph on the bulletin board, with one bar representing earned income and another bar representing gift money. Title the board "Money We Receive." Have students use blocks of construction paper with the same colors as those used in the paper chain and count the links in the chain to create the bars of the graph. You may want to use the completed chains as a bulletin board border.



11. Distribute copies of *Activity Sheet 1.2: Money I Receive*, and have the students draw pictures in each column to illustrate how they have received money. This activity will help the teacher assess individual comprehension of the concepts.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Can you give an example of someone in our school who is a worker?** (*Answers will vary, but they might include the custodian, librarian, teacher, students, cafeteria person, etc.*)
2. **What do we call the skills, abilities and knowledge that a person uses to do work?** (*Work skills or—for older students—human capital.*)
3. **Can you tell us what kind of work skills (human capital) Mr./Ms. ______ needs to do his/her job?** (*Answers will vary according to the person chosen by the teacher.*)
4. **What do we call money received for work?** (*Income.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net**.

Music Connection:

Remind the students that sometimes (but not always) money is earned when we work, and sometimes money is received as a gift. Teach students the following song. Students may shout out the words in parentheses if desired.

Earning Income

(Tune: *She'll Be Coming 'Round the Mountain*)

(1) We'll be earning lots of income when we work (when we work).
We'll be earning lots of income when we work (when we work).
We'll be earning lots of income.
We'll be earning lots of income.
We'll be earning lots of income when we work (when we work).

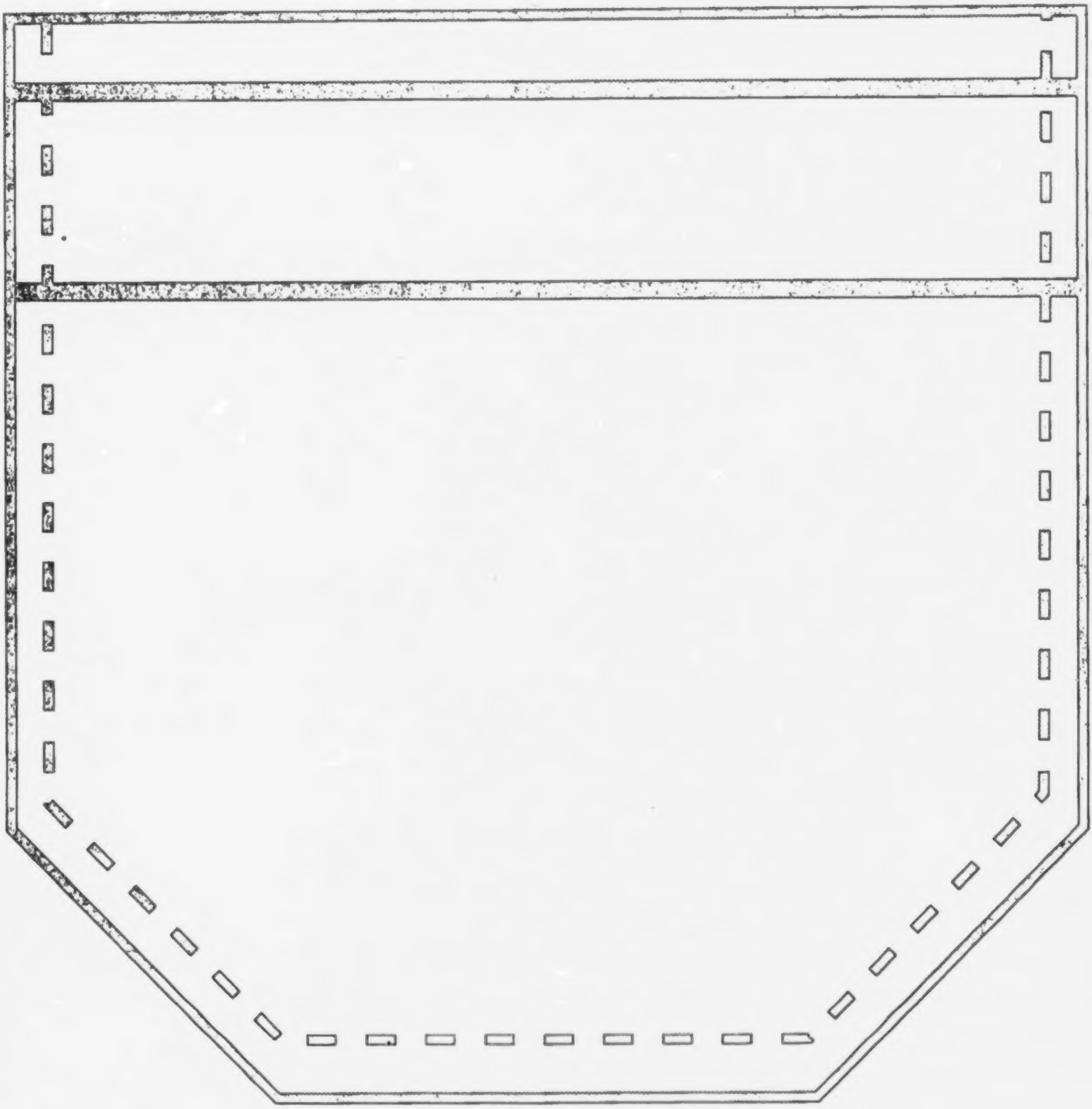
(2) We will sometimes get some money as a gift (as a gift).
We will sometimes get some money as a gift (as a gift).
We will sometimes get some money.
We will sometimes get some money.
We will sometimes get some money as a gift (as a gift).

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

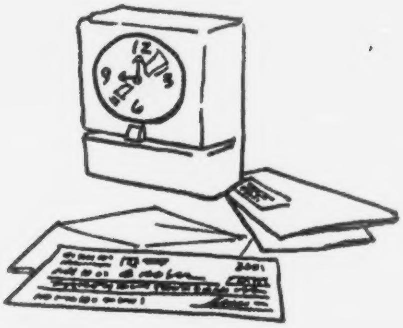
ACTIVITY SHEET 1.1

Message Pockets



ACTIVITY SHEET 1.2

Money I Receive



HAPPY BIRTHDAY!

Income	Gift Money

THEME 1
EARNING INCOME

LESSON

2

PENNY
DOG
WALK

Working for Income

Story 2: Penny's New Business

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 2 - Penny's New Business***
- ✔ Activity Sheet 2.1: ***An Entrepreneur Uses Resources***
- ✔ One empty cardboard paper towel tube for each student
- ✔ Assorted art materials (such as markers or crayons, construction paper, glue, and scissors)
- ✔ One box for each student, about the size of a shoebox or cereal box
- ✔ One small envelope for each student

LESSON DESCRIPTION

Students discuss goods and services that satisfy people's wants, and they construct a spyglass to help them identify goods and services at school. They also construct "Box Town," a model business community, and develop business plans for individual businesses. Using a puzzle, they are introduced to entrepreneurship and its relationship to the resources used to produce goods and services.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People have wants for both goods and services. Goods are objects that people can see or touch that can satisfy wants, and services are activities that workers provide to satisfy wants.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Recognize that people have economic wants for goods and services.
- ✔ Define goods and services and give examples of each.
- ✔ Identify entrepreneurs as people who take a risk to start a business in hopes of making a profit.
- ✔ Identify resources entrepreneurs use to produce goods and services.

Workers often receive income for producing goods and services. An entrepreneur is a special worker who develops a new product or a new way of producing goods and services, takes a risk, starts a business, hopes to earn money, and hopes that people will find his or her product valuable. The entrepreneur uses a combination of capital, natural, and human resources to produce a good or service.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Economic wants, goods, services, entrepreneurs, productive resources (natural, capital, and human resources), work skills (human capital), income

PARENT CONNECTION

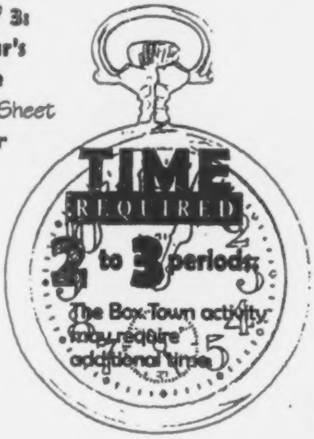
The Parents' Guide to Pocket Power, Theme 1 *Why Education Pays Off: Learn Something*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. Before beginning this lesson, remind the students to bring to school an empty paper towel roll and a box about the size of a shoebox or cereal box.

B. FOR ACTIVITY 2: Entrepreneurship in Box Town
Make a model box business building for "Box Town."

C. FOR ACTIVITY 3: An Entrepreneur's Resource Puzzle
Duplicate Activity Sheet 2.1: *An Entrepreneur Uses Resources*, one per student.



TIME REQUIRED

2 to 3 periods.

The Box-Town activity may require additional time.

Workout

This symbol indicates that the lesson material is appropriate for all students in grades K-2.

This symbol indicates that the material may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 2 - Penny's New Business.*

B. Ask students the following questions, or intersperse the questions while reading the story:

1. **What was Penny doing at the beginning of the story?** (*Counting her money.*)
2. **Where did she put her money when she decided to go walking with Mr. Lopez and Peluche?** (*In the pockets of her jeans.*)
3. **Why did Mr. Lopez call Penny's money income?** (*It was money that she earned doing work.*)
4. **What work had Penny done?** (*She walked Mr. Lopez's dog when he was not able to do it.*)
5. **What did Mr. Lopez call it when people do things for other people—things that they want?** (*A service.*)
6. **Mr. Lopez said that Penny was acting like an entrepreneur. What is an entrepreneur?** (*An entrepreneur is a person who starts his or her own business, sells goods and services to other people, and tries to make money.*)
7. **What did Mr. Lopez want after he sprained his ankle?** (*Someone to walk Peluche.*)

8. **What business did Penny want to start?** (*She wanted to start a dog-walking service.*)

9. **Penny began to plan for a dog-walking service. What were her plans for the business?** (*Put a sign in her yard, write notes to the neighbors, buy leashes, go to animal care classes, take care of cats, and hire Nicholas and Brian to help her.*)

10. **What did she expect to get in return for all her hard work?** (*Lots of income.*)

C. **Discussion:** Review the definition of work skills (human capital) presented in Lesson 1 (*The skills, abilities, and knowledge that a person uses to do work.*) Ask the following questions:

1. **What work skills (human capital) did Penny have that would help her in the dog-walking business?** (*She was good with animals.*)

2. **How did Penny plan to improve her work skills (human capital) and get even more skills for her dog-walking business?** (*She wanted to take classes to learn how to bathe and train dogs.*)

D. Ask the students if they have ever started a business. Have them tell about their experiences.

EXERCISE

ACTIVITY 1 — Spying Goods and Services

1. Ask the students to recall that Mr. Lopez paid Penny for providing the service of walking Peluche for him. Explain that some workers do *activities* for other people to satisfy wants and needs. These activities are called *services*. Write the word "*Services*" on the chalkboard, calling attention to the sound of the first letter.
   - **a.** Have the students name people who provide a service for them. (*Answers will vary, but might include doctors, teachers, or firefighters.*)
   - **b.** Ask the students if they have ever provided a service. What services did they provide? (*Answers will vary, but might include carrying out the trash, making the bed, watching the baby, or assisting the teacher.*)

2. Explain that *goods* are objects that people can see or touch that satisfy their wants. Write the word "*Goods*" on the chalkboard, calling attention to the sound of the first letter.
   - **a.** Have the students name a good that would satisfy a want for them. (*Answers will vary, but might include a doll, a bicycle, or a video game.*)
   - **b.** Have the students give examples of how they have produced goods. (*Answers will vary, but might include drawing a picture, making a sandwich, or creating a craft project.*)
   - **c.** The message pocket is a good. What want does the message pocket satisfy? (*It provides a place to carry messages to parents.*)

3. Tell the students that they will now produce a telescope that they can use to find goods and services. Explain that sailors and explorers have often used small telescopes called "spyglasses" to see things that were far away and difficult to see with the naked eye.
   - **a.** Distribute empty paper towel tubes and assorted art materials and have the students decorate their "spyglasses."
   - **b.** After they complete their projects, write "Goods We Spy" on the chalkboard. Tell the students to look around the classroom through their spyglasses and locate goods in the classroom. Record some of their responses on the chalkboard. (*Answers will vary, but might include pencils, desks, tables, globes, books, etc.*)
   - **c.** Take the class for a walk around the school with the spyglasses to locate people who are providing services. On returning to the classroom, write "Services We

Spy" on the chalkboard and record the student observations. (*Answers will vary, but might include the school custodian, the principal, the librarian, food service workers, or students running errands or cleaning erasers.*)

4. To conclude the activity, explain that workers produce many goods and services that people can use, and often they receive income for the goods and services they produce.

ACTIVITY 2 — Entrepreneurship in Box Town

1. Reread the story, *Penny's New Business*, and discuss the following:
   - a. Ask the students to recall that Mr. Lopez called Penny a very special name. What was the name? (*An entrepreneur.*)
   - b. Why did Mr. Lopez think Penny was an entrepreneur? (*She wanted to start a dog-walking business.*)
2. Explain that an *entrepreneur* is a person who takes a risk, starts a business, and hopes to earn a lot of income. Entrepreneurs own stores, farms and factories, and hire workers. Not all workers are entrepreneurs. People who work for the government or for other people, *do* produce goods and services, but they are *not* entrepreneurs.
3. Explain that they will use the boxes they have brought to school to make buildings for a model of a business community.
4. Brainstorm with the students and create a list on the chalkboard of possible businesses that might be opened by entrepreneurs in "Box Town." Lead students to choose from the list a business they want to operate. Be sure they select a business that could be operated by an entrepreneur and are not producers of public goods or services (*Not police officers or fire fighters.*)
5. Distribute the boxes that students have brought to school for Box Town and the materials necessary to cover the boxes and create the buildings that will represent the Box Town business community.
6. Show the students the model you have prepared for your business in "Box Town." Allow time for the students to produce their model businesses.
7. When the model businesses are completed, arrange a display table representing the Box Town business community.
8. **Optional:** Have the students individually prepare (in writing for older students) a "business plan" for their Box Town business to present to the class. This should include:
   - a. The name of the business.
   - b. A description of the product they will sell, identifying it as a good or a service.
   - c. A description of the work skills (human capital) they will use to produce the goods or service.

Allow time for the students to present their business plans to the class. Their presentations may be helpful in assessing their learning for this lesson. You may want to invite parents and/or administrators to hear their presentations.

ACTIVITY 3 — An Entrepreneur's Resource Puzzle

1. Explain that entrepreneurs must be able to get the resources they need to produce their goods or services. Write the word "*Resources*" on the chalkboard, calling attention to the sound of the first letter. Tell the students that the term *resources*, includes all things that producers use to make goods and services.
2. Discuss the resources Penny wanted to have for her dog-walking business (*Signs, notes for neighbors, leashes, skills in bathing and training dogs, help from Brian and Nicholas, and good weather.*)
3. **Optional:** The purpose of this activity is to have the students learn to identify resources. Teachers of older students may want them to learn to classify the resources as follows:

- **a.** capital resources (*Tools, equipment, buildings, vehicles, etc.*)
- **b.** natural resources (*The "gifts of nature."*)
- **c.** human resources (*The skills and abilities of workers.*)

4. Ask student volunteers to tell about resources that would be needed in their own Box Town businesses.

5. Ask the students if they think they could spell such a long word as "entrepreneur," which many adults have trouble spelling. Write the word on the chalkboard in capital letters. Tell the students that they will put together a puzzle to help them spell this word. Letters in the word and pictures of an entrepreneur's resources are on the puzzle pieces. Explain that entrepreneurs must put together resources to produce their products, just as the students will put together pictures of resources to produce the finished puzzle.

6. Distribute Activity Sheet 2.1: *Entrepreneurship Puzzle*. Have the students color, cut out the puzzle pieces, and put the puzzle pieces together.

7. When the puzzles have been completed, discuss the way that the children in the puzzle pictures became entrepreneurs as they used the resources shown to develop a lemonade-selling business.

8. Give the students small envelopes and have them copy the word "entrepreneur" on the front. Then they can put their puzzle pieces inside and take them home to share with parents.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. What do we call activities workers do for other people to satisfy their wants? (*Services.*)

2. Name a service that you provide. (*Answers will vary, but they might include being line leader, making your bed, or opening the door for someone.*)

3. Give an example of someone who provides a service for you. (*Answers will vary, but they might include a teacher, a firefighter, a police officer, a doctor, or mom or dad.*)

4. What do we call objects that people can see or touch, and can satisfy their wants? (*Goods.*)

5. Give an example of a good in our classroom. (*Answers will vary, but might include a desk, a chair, paper, or a book.*)

6. What do you call a person who takes a risk, starts a business, and hopes to earn a lot of income? Do you remember that word? (*An entrepreneur.*)

7. Are all workers entrepreneurs? (*No. People who work for the government or for other people are not entrepreneurs.*)

8. Penny will use signs, leashes, good weather, skills in walking dogs, and help from Nicholas and Brian when she becomes an entrepreneur and opens her dog-care business. What do we call all these things she will need? (*Resources.*)

9. Optional for older students: Name the three types of resources. (*Capital resources, natural resources, and human resources.*)

Crosstraining

Crosstraining can be done in many ways. One of them is given here. Others can be found on our web site, **www.ncee.net**.

Mathematics Connection:

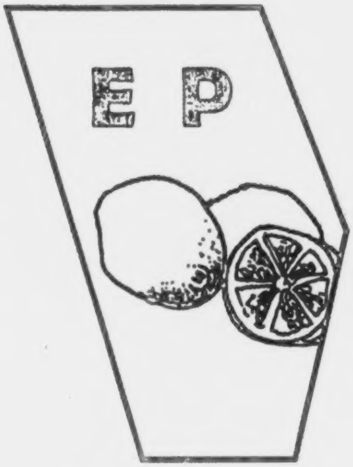
Distribute rulers and have the students measure the dimensions of their Box Town business buildings. Have a discussion with the class to decide which "businesses" are located in the tallest and shortest buildings. Also, determine the widest and narrowest buildings. List the information collected on the chalkboard. Then allow the students to measure their business signs and add this information to the chalkboard. Discuss the advantages and disadvantages of large or small business buildings and large or small signs.

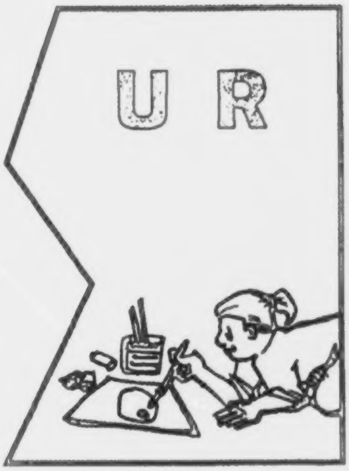
Other Training Equipment

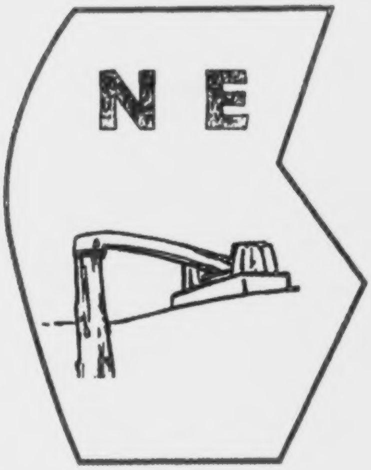
An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

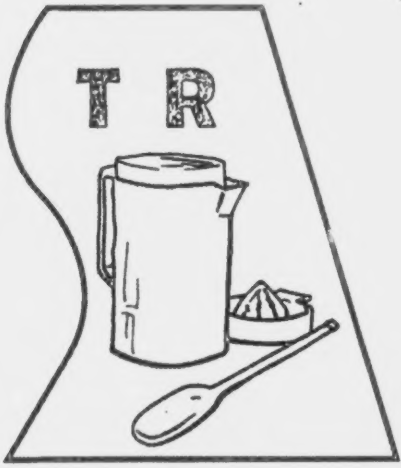
ACTIVITY SHEET 2.1

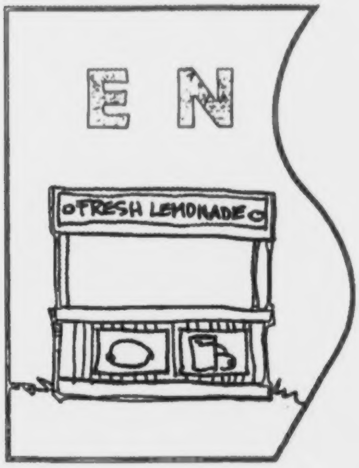
An Entrepreneur Uses Resources







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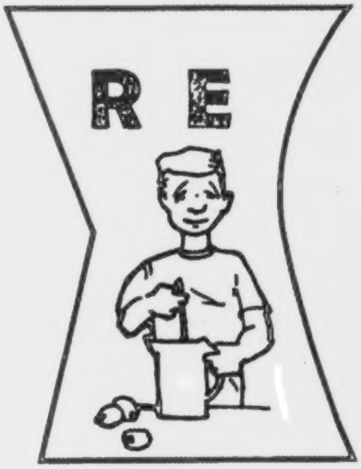
FRESH LEMONADE



THEME 1
EARNING INCOME

LESSON 3

What Is Money?

Story 3: What is Money?

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 3 - What is Money?***
- ✔ Activity Sheet 3.1: ***Pocket Change***
- ✔ Activity Sheet 3.2: ***Paper Money***
- ✔ Purse or wallet
- ✔ Message Pockets
- ✔ Assortment of "play" money
- ✔ Coffee can or can of similar size, with lid
- ✔ Assortment of real coins
- ✔ Plain paper and pencils
- ✔ Glue and tape

LESSON DESCRIPTION

This lesson focuses on two types of money — paper money and coins. The students identify money and its value (ability to buy things) while participating in a money-matching activity. The students guess the number of coins in a can and then determine the exact number of coins and their value in terms of dollars and cents.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

The forms of money used today have evolved over many years. Because of the age and maturity of primary students, the activities in this lesson emphasize two types of money—coins and paper. The ability to buy things depends on the value of different denominations. The lesson also involves students in making decisions using money, based on combinations of different kinds of money.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Distinguish between two kinds of money — coins and paper.
- ✔ Explain that the value of money is our ability to buy things with it.
- ✔ Match the names of coins and paper money with their value.
- ✔ Understand that people use money to get the goods and services they want.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Money, economic wants, coins, paper money, the value of money, functions of money, choices, work skills (human capital)

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 1 - *Why Education Pays Off: Learn Something*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

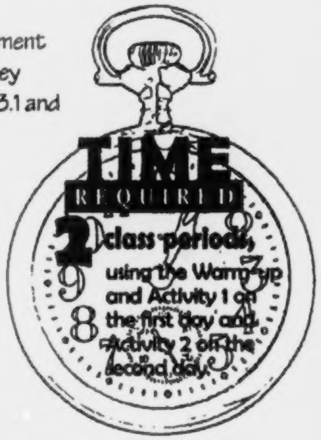
GETTING READY!

A. FOR ACTIVITY 1: The Guessing Game

Put this assortment of coins in the coffee can: 1 gold dollar coin, 2 quarters, 2 dimes, 4 nickels and 10 pennies.

B. FOR ACTIVITY 2: Pizza Pocket Practice

- Prepare copies of Activity Sheet 3.1 ***Pocket Change***, and Activity Sheet 3.2: ***Paper Money***, or assemble an assortment of "play" money.
- Place an assortment of real money in a purse or wallet.
- Place the same assortment of coins and paper money (from Activity Sheets 3.1 and 3.2) in each student's Message Pocket (constructed in Lesson 1).



TIME REQUIRED

2 class periods, using the Warm-up and Activity 1 on the first day and Activity 2 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. From the storybook, read to students *Story 3 - What is Money?*

B. Ask the following questions:

1. **What are the two types of money that Nicholas explained to Christopher?** (*Coins and paper money.*)
2. **What are the different coins mentioned in the story?** (*Pennies, nickels, dimes, quarters, and gold dollar coins.*)
3. **How many pennies did Nicholas say are in a dollar?** (*100*)
4. **How are coins and paper money different?** (*Coins in our country are round like circles, made from metal, come in different sizes, and usually buy less than paper money. Paper money is in the shape of a rectangle and usually buys more than a coin.*)
5. **According to Nicholas, how can people use their money?** (*They can exchange it for something they want, or they can save it.*)
6. **What did Nicholas decide to do with his money?** (*Save it for now.*)
7. **Why did Mom give Carlos money?** (*To pay for the pizza and its delivery.*)
8. **Is pizza a good or a service?** (*A good.*) **Is pizza delivery a good or a service?** (*A service.*)

C. Have the students describe sources from which they have received money, such as an allowance, earned money, gifts, or other sources.

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EXERCISE

ACTIVITY 1 — Guessing Game

1. Have students sit in a circle on the floor, or arrange their desks in a circle. Be sure that all students have a pencil and a small piece of paper with them.

2. Hold up the prepared coin can with the assortment of coins in it. (See instructions in the *Getting Ready!* section.) Identify this as Nicholas's coin can. Remind the students that Nicholas was saving his coins in the can until he decided what he wanted most.

3. Tell the students that they will now discover how many coins are actually in the can. Reassure them that there is no paper money in the can. Let the students pass the can around, shaking it and feeling its weight. Have them guess the number of coins in the can and write the number on their papers.

4. Next, have a student tell his or her guess. Then guide the class to an accurate estimate by responding "higher" or "lower" each time a student suggests an answer. When the correct number has been guessed (*19*), write that number on the board. Tell students to look at the number they guessed and wrote down. Check to see whose guess is closest to the correct answer and declare this student a winner.

5. On the chalkboard or a piece of posterboard, draw a chart similar to the one below. Tell students that these coins are in the can. Ask if the value of each of the coins is the same. (*No.*)

Coins				
Pennies	**Nickels**	**Dimes**	**Quarters**	**Dollars**

6. Have students take coins from the can, one at a time. They should identify each one and its value. Then they should tape it under the correct heading. When the chart is completed, have the students count the number of coins to verify that "19" is the correct answer. Then work with the students to tally the total value of all the coins. (*$2.00*) Point out that the gold dollar is worth as much as all of the other coins put together.

7. Ask the students if they think the can holds enough money to buy all the goods and services that Nicholas wants. (*Students should reply that Nicholas probably wants too many things to be able to buy them all with this much money.*)

ACTIVITY 2 — Pizza Pocket Practice

1. Remind the students that in the story Carlos delivered pizza and had to handle a lot of money. Ask why it was necessary for him to know how to recognize and count coins and bills. Make sure they understand the following:
   - Part of Carlos' job was to collect money from the people who received pizza. This made counting money one of his work skills (human capital).
   - Carlos needed to be able to count the money he received as income from his job.

2. Suggest that Carlos probably put the money into his pockets. Distribute Message Pockets containing "play" money taken from *Activity Sheets 3.1 and 3.2.* Have the students pretend that they are delivering pizza and these are their pockets.

3. Remind the students that in the story Carlos earned income by doing work. Suggest that he probably put some income into his pockets.

4. To help the students identify denominations of coins and paper money, take a coin or paper bill from your purse or wallet. Have them take the same piece of money from their Message Pockets and put it on their desks.

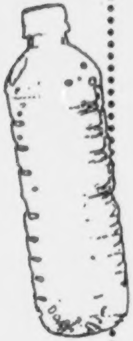
5. Ask the students to identify this coin or bill and state its value. (Challenge older students by putting together a combination that represents a larger amount of money.)

6. Repeat this process until the students readily recognize and identify the different denominations of money.

7. Refer to the phrase, "A penny for your thoughts." Discuss its meaning as a way of saying that someone is interested in what another person is thinking. Ask the students whether they would prefer a penny or a dime for their thoughts. Have them explain their decision.

8. Examine both a penny and dime with students. Ask them which coin is bigger, which is smaller, and which one gives people more ability to buy things. Explain that *value* refers to the worth of the coin or how far the money will go in buying the goods and services people want. Ask additional comparison questions, holding up two other coins or two pieces of paper money with different values, having students make comparisons.

9. Remind the students that Nicholas's mother used coins and paper money to pay for the pizza delivery. Ask students the following questions:
   a. Why do you like to have money? (*Answers will vary.*)
   b. What do you do with your money? (*Answers will vary.*)
   c. Why is your money valuable? (*It enables me to buy the goods and services that I want.*)
   d. Have you bought anything lately? What was it and how much did it cost? (*Answers will vary.*)



COOL DOWN

Use the following questions to review the concepts presented in this lesson:

A. Name two types of money. (*Coins and paper money.*)

B. How do people receive money? (*Income and gifts.*)

C. We talked about how far a coin would go in enabling people to buy goods and services. What did we call that? (*Its value.*)

D. Which coin buys more— a nickel or a quarter? (*Quarter.*)

E. Which has more value—a dollar bill or a gold dollar coin? (*They have the same value because they are the same amount— one dollar.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net**.

Music and Mathematics Connection:

Teach the following song to the students, using the traditional tune. Change the money amounts to help students learn to count money, counting by ones, twos, fives, and tens.

Ten Little Pennies

(Tune: *Ten Little Indians*)

Verse 1: (Put ten pennies on the overhead projector and have the students count them and then sing this verse.)

One little, two little, three little pennies,
Four little, five little, six little pennies,
Seven little, eight little, nine little pennies,
Ten pennies make one dime.

Verse 2: (Put ten dimes on the overhead projector and have the students count them by tens and then by ones, to see that they add up to a dollar; then sing this verse.)

One little, two little, three little dimes,
Four little, five little, six little dimes,
Seven little, eight little, nine little dimes,
Ten dimes make one dollar.

Verse 3: (Put twenty nickels on the overhead projector and have the students count them by fives to see that they add up to a dollar. Then group the nickels in twos and count each pair by tens. Then sing this verse.)

Two little, four little, six little nickels,
Eight little, ten little, twelve little nickels,
Fourteen, sixteen, eighteen nickels,
Twenty nickels make one dollar.

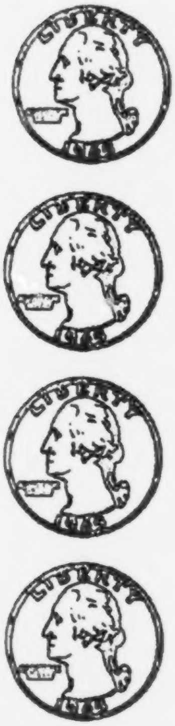
Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

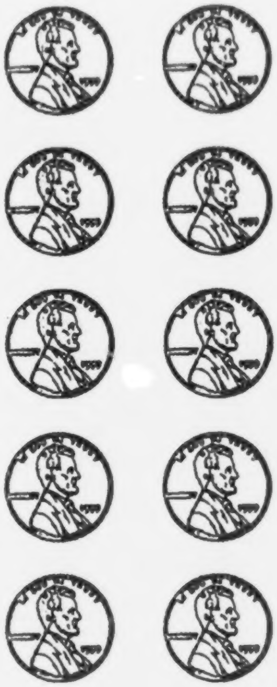
ACTIVITY SHEET 3.1

Pocket Change

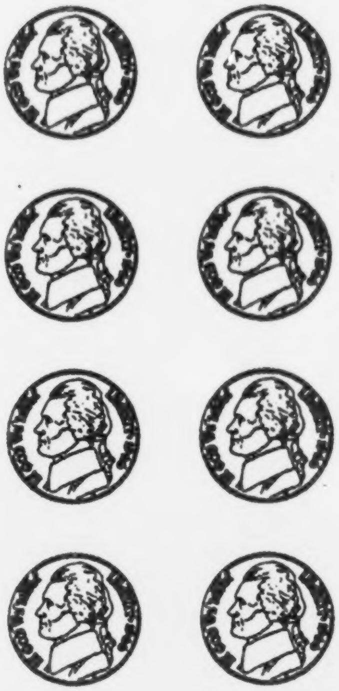
Quarters



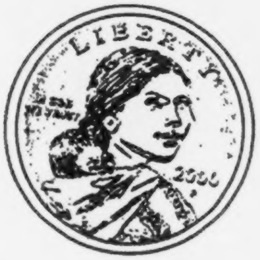
Pennies



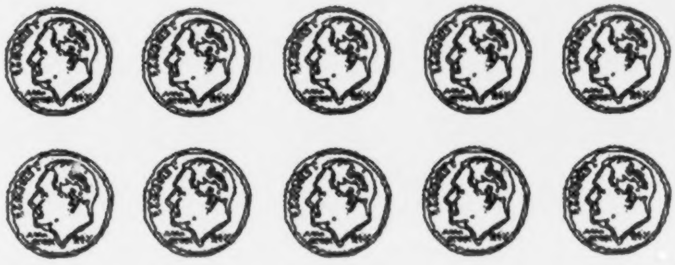
Nickels



Dollar Coin

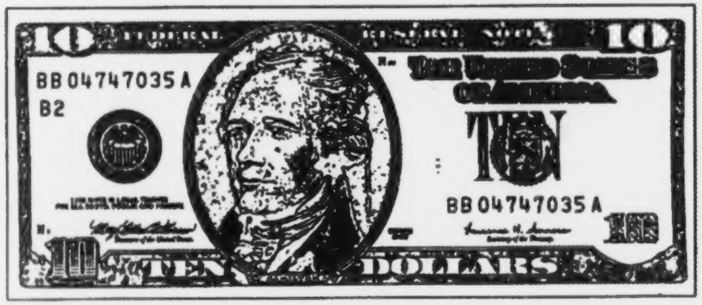


Dimes



ACTIVITY SHEET 3.2

Paper Money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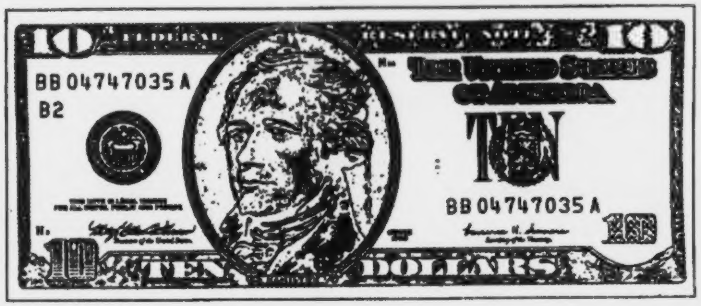
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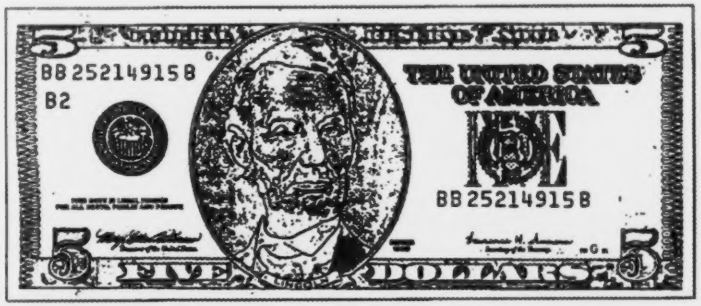
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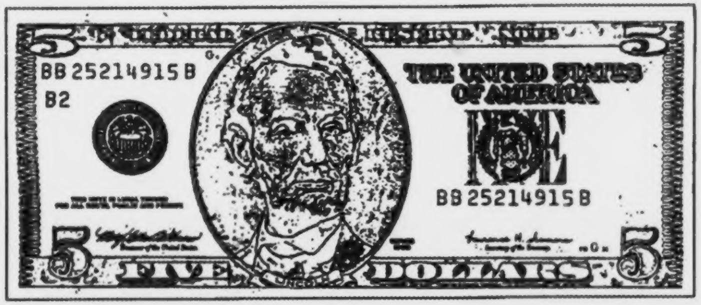
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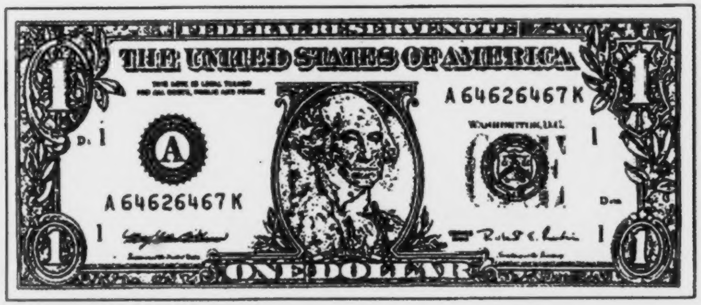
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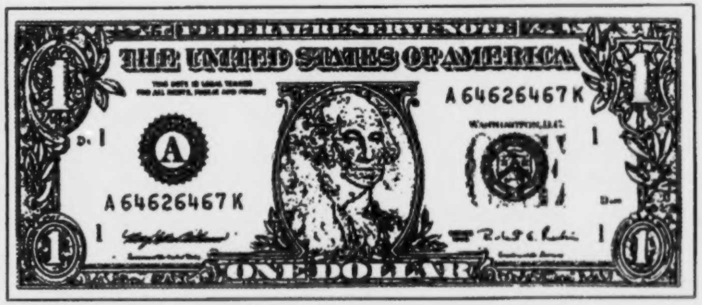
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Financial Fitness for Life: Pocket Power Teacher Guide. ©National Council on Economic Education

ASSESSMENT

Why Education Pays Off: Learn Something

For Younger Students ***(kindergarten through grade 1):***
Using the directions given below, administer Test I only.

For Older Students ***(grades 1 and 2):***
Use Test I and Test II. Even if students are good readers, the teacher should read the questions aloud and allow time for the students to circle the correct pictures. (This is to be certain that you are testing economics concepts, not reading skills.) Use the directions given below for Test I.

DIRECTIONS FOR TEST I

For each row, read the following statements aloud to students. If necessary, identify the pictures.

♡ 1. Put your finger on the heart. On this row, mark the picture that shows someone earning income.

☺ 2. Put your finger on the happy face. On this row, circle the picture that shows someone using work skills (human capital).

⇨ 3. Put your finger on the arrow. On this row, circle the picture that shows an entrepreneur.

☐ 4. Put your finger on the box. On this row, circle the picture that shows paper money.

☾ 5. Put your finger on the moon. On this row, circle the picture that shows someone providing a service.

DIRECTIONS FOR TEST II

Part A. Write the letters "G" or "S" on the line under each picture. Write "G" for pictures of goods, and "S" for pictures of services. If necessary, identify the pictures.

Part B. Circle the hand of the person with enough money to purchase the juice.

Part C. Circle three resources that an entrepreneur could use to make bread. If necessary, identify the pictures.

Answer Key

TEST I:

(Heart Row) –
(b) *the boy mowing the lawn*

(Happy Face Row) –
(a) *person working at the computer*

(Arrow Row) –
(c) *the hot dog vendor*

(Box Row) –
(b) *the dollar bill*

(Moon Row) –
(c) *the man washing a car*

TEST II:

A. mail carrier – S
bicycle – G
hair cut - S
apple – G
sweeper – S
house – G

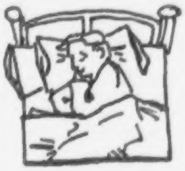
B. the hand with two quarters in it

C. the stove, the sack of flour, and cook

TEST 1

NAME: ____

1. Circle the picture that shows someone earning income.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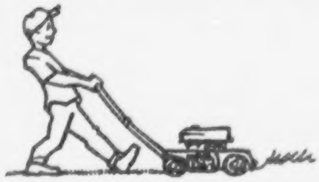
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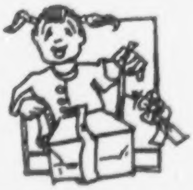
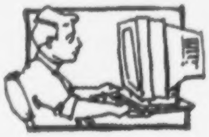

c.

2. Circle the picture that shows someone using work skills.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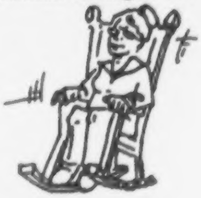
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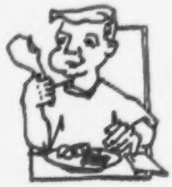
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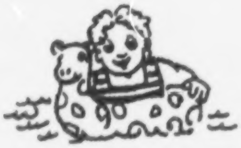
3. Circle the picture that shows an entrepreneur.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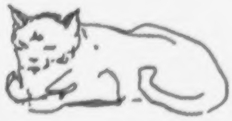
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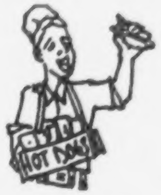
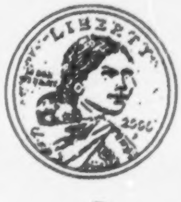

c.

4. Circle the picture that shows the paper money.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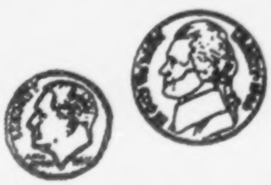
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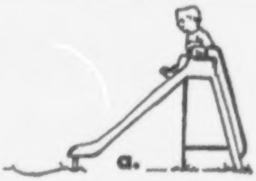
5. Circle the picture that shows someone providing a service.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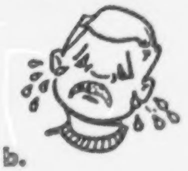
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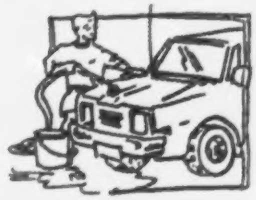
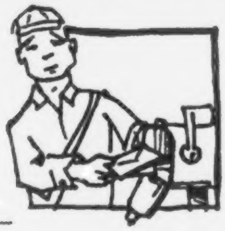

c.

TEST II

NAME:__________________________________

A. Write the letters "G" or "S" on the line under each picture below. Write "G" for pictures of goods, and "S" for pictures of services.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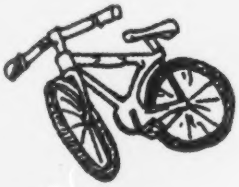
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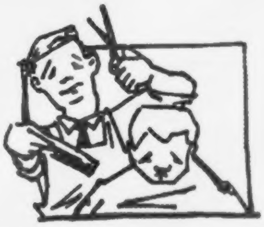
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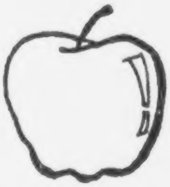
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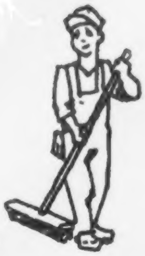
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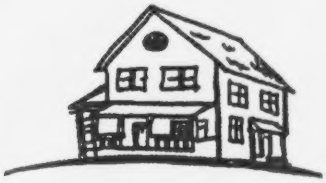
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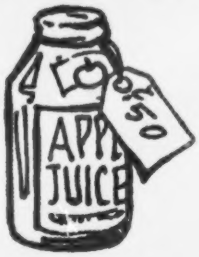
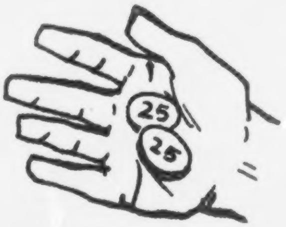
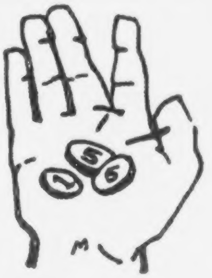
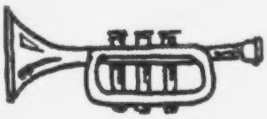
B. Circle the hand of the person with enough money to buy the juice.

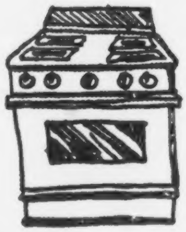


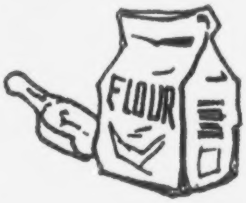


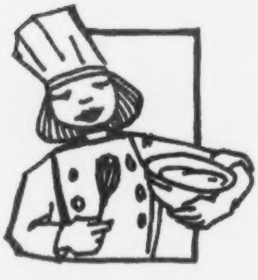


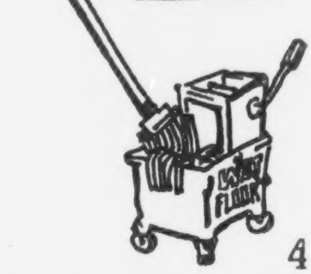
C. Circle three resources that an entrepreneur could use to make bread.

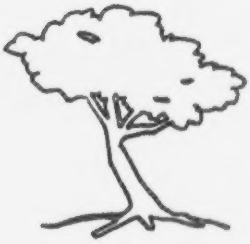












THEME 2

LESSON 4

Money Lets Us Choose

Story 4: Oh, What to Do?

Fitness Focus

EQUIPMENT

- ✔ Storybook: *Story 4 - Oh, What to Do?*
- ✔ Activity Sheet 4.1: *Benefits and Costs*
- ✔ Activity Sheet 4.2: *Pocket Decision Apron*
- ✔ Markers and glue
- ✔ A large piece of posterboard at least 22" tall and 16" wide
- ✔ Scissors and hole punch
- ✔ Four pieces of ribbon about 2' long
- ✔ 4 small white envelopes (no. 6), large enough for 3" x 5" cards to fit inside
- ✔ 3" x 5" index cards or paper cut to a similar size (about 8 to 12 cards per pair of students)
- ✔ A small piece of red cardstock or posterboard, about 3" wide and 6" tall
- ✔ Paper clips (one per pair of students)
- ✔ A small box (4" x 6" or larger)
- ✔ Optional: A tall white cook's hat

LESSON DESCRIPTION

Students listen to a short story introducing the difficulty of making choices. They discuss and experience costs and benefits as they make a choice among alternatives, using a grid. The class makes an apron, to be used as students make decisions in this and future lessons. The students are introduced to *opportunity cost* as the next best alternative given up when a choice is made.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People's wants are unlimited, but their resources to satisfy those wants are limited. Therefore people must choose among alternatives. People make more satisfying choices if they

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Consider the costs and benefits when making a decision.
- ✔ Make a choice between two alternatives, and identify the opportunity cost.
- ✔ Distinguish between spending and saving.
- ✔ Identify choices people make every day.

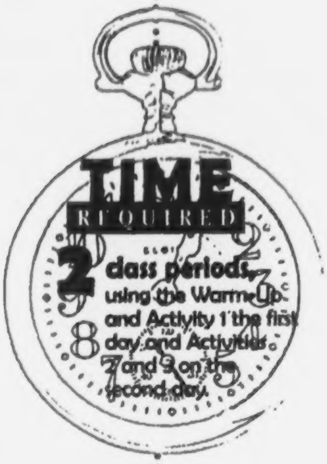
consider the costs and benefits of each alternative. The highest-valued alternative not chosen is called the opportunity cost.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Alternatives, benefits, costs, choice, decisions, opportunity cost, spending, saving

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 2 - *Tomorrow's Money: Getting to the End of the Rainbow,* contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 the first day and Activities 2 and 3 on the second day.

GETTING READY!

A. **FOR ACTIVITY 1: "Facing a Problem: The Benefits and Costs Grid"**
Make a transparency of Activity Sheet 4.1: ***Benefits and Costs.*** Be sure to save this transparency because it will be needed in future lessons.

B. **FOR ACTIVITY 2: "An Apron: Cooking Up Good Decisions"**
Make a transparency from Activity Sheet 4.2: ***Pocket Decision Apron.***

To make the Pocket Decision Apron, follow these steps:

- Using a large piece of posterboard approximately 22" tall and 16" wide (or larger for older students), make large rounded cuts into the two top corners to create the bib, leaving armholes, as illustrated in Activity Sheet 4.2: ***Pocket Decision Apron.*** Adjust the length and width to fit students at your grade level, but make sure that the apron is large enough to accommodate the envelope pockets.
- Punch a hole in each of the top four corners of the apron (at the waist and at the top of the bib), and tie four ribbon strips to it, as in the illustration.
- Seal the four white envelopes and cut them in half, making eight nearly square pockets that are open on one end (where they were cut). The envelope pockets will be added to the apron during the classroom activity.
- After the initial activity, when all envelopes have been glued in place, it would be advisable to laminate the apron to improve durability for later activities. A razor blade can be used to open the envelopes after they are laminated.
- From red cardstock or posterboard, cut a card about 3" wide and 6" tall. Print the letters, OC (for opportunity cost) toward the top edge of the card.

C. **For Activity 3: "Star Decisions"**
Label a small box, "Decisions We Made."

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 4 - Oh, What to Do?*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **In the story, what was the choice Penny had to make?** (*Whether to buy a vest now or save and buy a bicycle later.*)
2. **Why did Mr. Lopez say that Penny could not go to the movies and go swimming at the same time?** (*Penny could not do two things at the same time. She would have to make a decision.*)
3. **If Penny were to choose to go to the movies with her friend, what would her opportunity cost be?** (*Going swimming with her other friend.*)
4. **Penny could spend her money now on a vest or save it for a bike later. What is the difference between spending and saving?** (*When people spend, they use their money now to buy goods or services. When people save, they keep their money for the purpose of buying goods and services later.*)
5. **What are goods and services?** (*Goods are things people want that they can touch or hold. Services are actions that people do for other people.*)
6. **What is Penny's choice between spending and saving?** (*Penny can decide to spend her money now by buying a vest. She can decide to save her money to buy the bicycle she wants at a later time.*)
7. **Is the vest that Penny wants to buy a good or service?** (*A good.*) **Is the bicycle Penny wants to buy a good or service?** (*A good.*)
8. **What services were mentioned in the story?** (*Mr. Lopez paid Penny for the service of walking his dog. Penny also wanted to start a dog-walking business.*)

C. To guide thinking about decision making, ask the following questions:

1. **What choices do you have to make each morning before you come to school?** (*Answers may include what to wear, what cereal to eat for breakfast, or whether to carry an umbrella.*)
2. **What other choices do you make when you are in school?** (*Answers may include what to play at recess, whom to invite to play with you, or whether to tattle on a classmate.*)

EXERCISE

ACTIVITY 1 — Facing a Problem: The Benefits and Costs Grid

1. Have students recall the big word that Mr. Lopez used to describe the items from which a person chooses when he or she must make a decision. (*Alternatives.*) Then have students recall what Penny's alternatives were for her decision in the story (*Buying a vest now, or saving for a bike.*) Suggest that the students should help Penny with her decision.
2. Show the transparency made from *Activity Sheets 4.1: Benefits and Costs*. Explain that a chart like this can help people make decisions. (*Possible suggestions for answers in this activity are listed on the following page.*)

	Alternative 1: Vest	Alternative 2: Bike
☺ Benefits (Good Points)	☺ looks good with her jeans	☺ can ride to places
	☺ satisfies a want	☺ getting something bigger or better
	☺ has enough money to get it right away	☺ more enjoyment
☹ Costs (Bad Points)	☹ will outgrow it soon	☹ may get stolen
	☹ the money will be gone	☹ not enough money to buy it right now
	☹ it would wear out sooner than a bike	☹ have to wait for a while to get it

3. Find the boxes for the alternatives at the top of the page. Write in the "Alternative 1" square the word "Vest" and draw a picture of a vest. Put "Bike" in the "Alternative 2" square.

4. Call attention to the large happy and sad faces along the left side of the page. Explain that when people make decisions, they should consider the good points, called *benefits*, and the bad points, called *costs*, for each alternative. Have the students suggest benefits and costs for the vest and the bike. Record their responses in the appropriate boxes. Point out that Penny can buy the vest now, but she must save for the bike. Have the students include on the chart what is positive and negative about spending now or saving to spend later.

5. Ask the students if they think this chart tells what the right choice is. (*No.*) Be sure that they understand that there is no right or wrong choice. The best choice is the one that will best satisfy the wants of the individual who is making the choice. To help determine the most satisfying choice, it is important to examine the benefits and costs of alternatives. Tell students that Penny should choose the one that would make her happier.

ACTIVITY 2 — An Apron: Cooking Up Good Decisions

1. Point out that a chef or a baker often wears a cook's hat and apron, and today the students will use an apron to "cook up" a fun way to make decisions. Display the transparency made from *Activity Sheet 4.2: Pocket Decision Apron*, and explain that the class will now make a posterboard apron like this one, with lots of pockets on it made from envelopes. Students will be able to wear the apron when they need to make decisions. Show students the partially prepared apron. (See preparation instructions in the *Getting Ready!* section of this lesson.)

2. Explain that to make good choices, students first must identify the problem. Give one student an envelope pocket and a marker; have that student draw a large question mark on this envelope (with the open side toward the top), and glue the envelope to the center bottom of the apron, as in the illustration. Explain that they will later put some cards that describe a problem into this pocket.

3. Explain that when people have a problem, the next step is to identify their alternatives. At this stage, limit alternatives to only two. Give envelopes to two more students; have them make large numerals, ("1" and "2") on them, and glue them to the apron above the problem pocket. Attach strips of yarn to connect the alternative pockets to the

problem pocket, as in the illustration (or connect with marker lines).

4. Then explain the next step—that the students must consider the benefits (good points) and the costs (bad points) of each alternative. Give envelopes to two students to draw happy faces, and two more to draw sad faces. Next have the students glue a happy face pocket and sad face pocket above each alternative pocket (1 or 2) on the apron, and attach them to the alternative pockets with yarn. Be sure to leave enough space above the rows of pocket envelopes to insert the cards, which will stick up above the pocket somewhat. (Again, see preparation instructions in the *Getting Ready!* section at the beginning of this lesson.)

5. Finally, tell the students that they must make a decision and indicate which alternative they will choose. Give one student another envelope and have him or her draw a star on it and glue it onto the bib of the apron. Tell students that this is the "star decision pocket" for the final decision. Do not connect this pocket to any of the other pockets with yarn, since the apron will be used repeatedly, with different decisions made each time.

6. To demonstrate how the apron works, review the story "Oh, What to Do?" and give out one card at a time for selected students to draw pictures and/or write words or phrases to correspond to the story. Start with the problem card (*whether to buy a vest now or a bike later*), then go to alternative cards 1 and 2 (*the vest and the bike*), and then use the happy and sad face cards (*for each of the costs and benefits listed in the previous activity, "Facing a Decision"*). Explain that since we do not yet know what Penny's final decision will be, we cannot put a card in the "star decision pocket" at the top.

7. Ask a student volunteer to stand on a chair. Tie the apron around the student's neck and waist. Have the other students place their cards in the appropriate pockets when completed. **Optional:** Provide a tall white cook's hat for the volunteer to wear. This might make students—particularly the boys—more interested in wearing the apron.

8. Explain that later they will use the apron to make decisions of their own. Display the apron in a prominent place—on the wall or bulletin board. Be sure that it is loosely attached, so it can easily be removed and worn again by a student to solve problems in another activity.

ACTIVITY 3 — Star Decisions

1. Have the students recall when Mr. Lopez told Penny about two alternatives that she might have—going to a movie with one friend or going swimming with another friend. If she chose one, she would have to give up the other. Explain that this is the hard part about making choices. Have the students think of a time when they chose between alternatives. Allow selected students to share the choice they made and tell what they gave up in making each of the choices.

2. Explain that there is a special name for the alternative they gave up. It is called the opportunity cost. *Opportunity cost* is the next-best alternative you give up when you make a choice. Allow additional students to describe times when they made a choice. Have them describe their choice and identify what they gave up as their opportunity cost.

3. Display the Decision Apron constructed in the earlier activity. Review Penny's problem as shown on the cards that students made in the earlier activity, *"An Apron: Cooking Up Good Decisions."*

4. Call attention to the "star decision pocket" at the top of the apron. Explain that when a decision is made with the apron, the chosen alternative will be placed in the "star decision pocket." Then show them the "OC" card, and explain that "OC" stands for opportunity cost, and the OC card will be placed in front of the alternative not chosen (in pocket 1 or 2).

5. Using the "star decision pocket" and OC card, show the students what the opportunity cost will be if Penny chooses the vest, and again if she chooses the bike. Again emphasize that the apron does not tell students which alternatives to choose, but it may help them reach their own decisions—the ones that are best for them.

6. Remove all cards from the apron pockets. Put the OC card aside for later use. Paper clip the remaining cards together, and save them for the next lesson (*Lesson 5: Why We Save*).

7. Divide the class into pairs of students. Give each pair a stack of 3" x 5" cards or pieces of paper cut to a similar size.

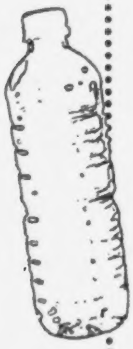
8. Have each pair choose a simple problem to solve from the following list or make up a problem of their own:
   - What game do we want to play when we go outside at recess?
   - What do we want to eat for lunch?
   - What clothes do we want to wear to school tomorrow?
   - What toy do we want to take to Grandma's house?
   - What do we want to do as soon as we get home from school today?

9. Explain the following directions for making cards:
   - Draw and/or write about a problem on a card.
   - Select two of your favorite alternatives and make cards for them.
   - Make happy face cards for the benefits and sad face cards for the costs for each alternative. Make as many benefits and costs cards as you wish.
   - Finally, decide which alternative is your choice and which is your opportunity cost.

10. When all students have finished making their cards, let each pair have a turn to come to the front of the class and present its decision. One student may wear the apron, while the other student places the cards in the pockets and explains the process to the class.

11. Before the students begin, remind them that after they put their cards in the apron pockets, they will announce their choice to the class, and then move the chosen alternative card from pocket 1 or 2 to the "star decision pocket" at the top of the apron. Then show them the OC card again, and remind them that they will then put this card in the other alternative pocket (1 or 2) in front of the alternative not chosen, to indicate what they gave up.

12. After each group finishes presenting its problem, have the students return the OC card to the teacher. Then have them paper clip the remaining cards together, and put their cards in a box marked "Decisions We Made."



COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What do we call the items from which a person chooses when making a decision?** (*Alternatives.*)

2. **What do we call the good points and bad points?** (*Benefits and costs.*)

3. **What can you tell me about benefits?** (*They are the good points about choosing an alternative.*)

4. **What can you tell me about costs?** (*They are the bad points about choosing an alternative.*)

5. **When you make a decision between two alternatives, there is a special name for the alternative you give up. What is that called?** (*Opportunity cost.*)

6. **If you have to decide between reading a book or coloring a picture and you choose to read a book, what is your opportunity cost?** (*Coloring the picture.*)

7. **What is the difference between spending and saving?** (*Spending is buying goods and services today; saving is setting aside income for future use.*)

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Crosstraining

Crosstraining can be done in many ways. One example is given here. Others may be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students some of the verses to this song. Verses in the left column refer to the story; and those in the second column are more generic and can refer to the class. Challenge students to create additional lyrics of their own.

Come On Everybody

(Tune: *Buffalo Gals, Won't You Come Out Tonight*)

Five-pocket Penny,
Won't you save your money?
Won't you save your money?
Won't you save your money?
Five-pocket Penny,
Won't you save your money,
And buy a bike some day?

Five-pocket Penny,
Won't you spend your money?
Won't you spend your money?
Won't you spend your money?
Five-pocket Penny,
Won't you spend your money,
And buy a vest today?

Five-pocket Penny,
With a hole in your pocket,
A hole in your pocket,
A hole in your pocket.
Five-pocket Penny,
With a hole in your pocket,
You'll spend your money today!

Come on everybody,
Won't you save your money?
Won't you save your money?
Won't you save your money?
Come on everybody,
Won't you save your money,
And buy something good some day?

Come on everybody,
Won't you spend your money?
Won't you spend your money?
Won't you spend your money?
Come on everybody,
Won't you spend your money,
And buy something small today?

Look at (*name of student,*)
With a hole in your pocket,
A hole in your pocket,
A hole in your pocket.
Look at (*name of student,*)
With a hole in your pocket,
You'll spend your money today!

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

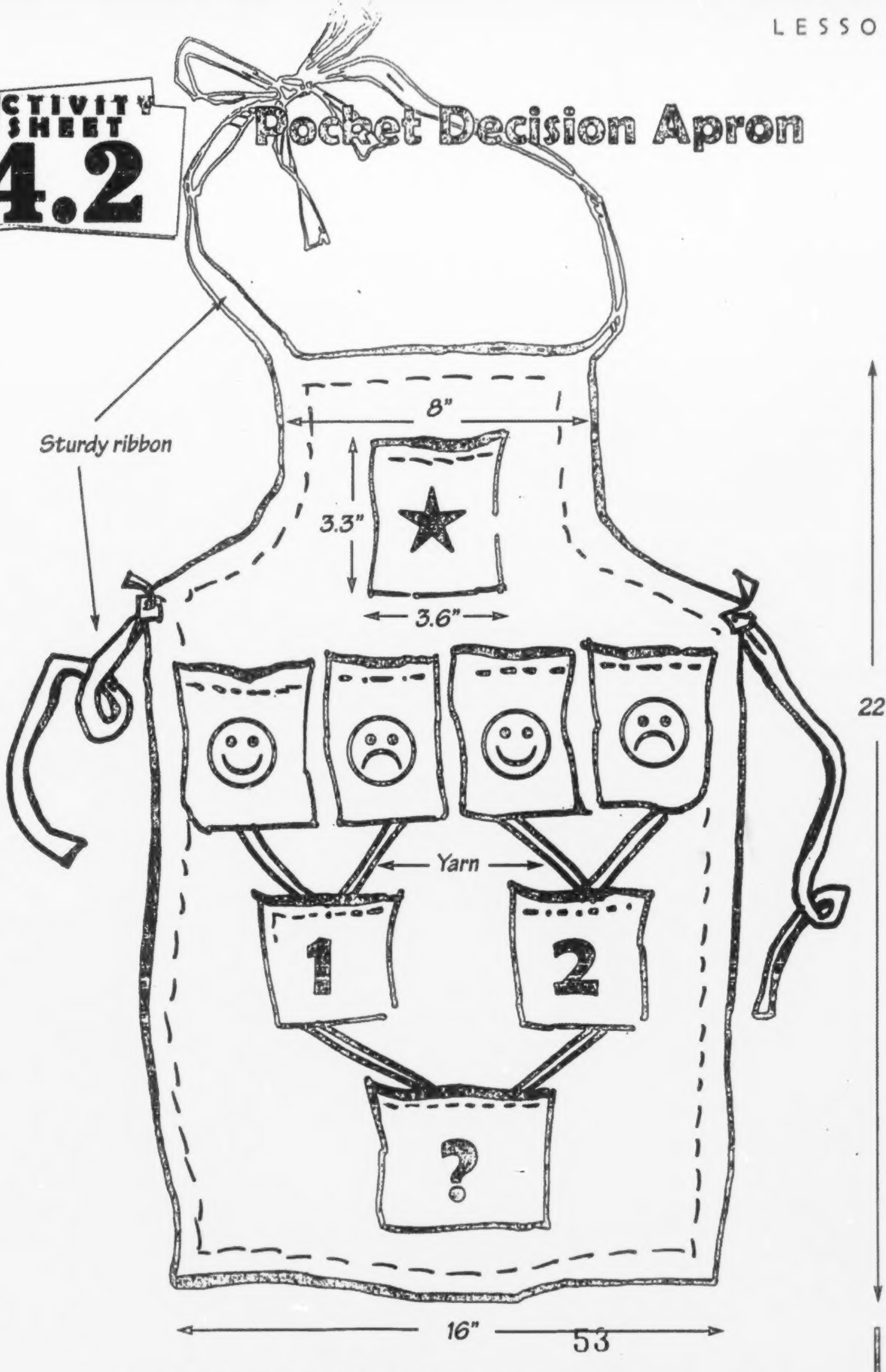
ACTIVITY SHEET 4.1

Benefits and Costs

	Alternative 1:	Alternative 2:
Benefits (Good Points) ☺	☺	☺
Costs (Bad Points) ☹	☹	☹

ACTIVITY SHEET 4.2

Pocket Decision Apron


Sturdy ribbon
8"
3.3"
3.6"
22"
Yarn
1
2
?
16"

Financial Fitness for Life: Pocket Power Teacher Guide, ©National Council on Economic Education

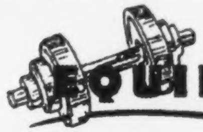
LESSON

5

Why We Save

Story 5: Spend or Save?

Fitness Focus



EQUIPMENT

- ✔ Storybook: ***Story 5: Spend or Save?***
- ✔ Activity Sheet 5.1: ***Penny Strips***
- ✔ Activity Sheet 5.2: ***Want Cards***
- ✔ Drawing paper, crayons, scissors, and glue
- ✔ A large sheet of butcher paper
- ✔ Paper clips (one per student)
- ✔ Cardstock and yarn to make a sign for the ***Happy Kid***
- ✔ Large brown paper grocery sacks (one per student)
- ✔ Buttons (enough for each student to have two, but not quite enough for three
- ✔ Assortment of resources for decorating (cotton balls, ribbon, yarn, glitter, beads, scraps of gift wrapping paper, sewing accessories, such as pom poms, trim or cloth scrap)

LESSON DESCRIPTION

Students create a banner depicting their own choices when a decision is made and an opportunity cost is incurred. Then the class learns about saving to satisfy a want. Finally students make and decorate a vest like Penny's, made from a brown grocery bag.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People make decisions about spending and saving. If people save, they incur an opportunity cost—giving up the opportunity to satisfy their most favored want at the present time. When people spend, they give up the opportunity to save—which, in turn, would create an opportunity to buy goods and services in the future. In either case, they incur an opportunity cost. The decision they face is choosing the option with the lower opportunity cost.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Identify the opportunity cost when a choice is made.
- ✔ Calculate how money saved can accumulate into a larger amount over time.
- ✔ Explore spending and saving decisions and the opportunity cost included in each.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Economic wants, choices, opportunity cost, money, spending, saving, savings accounts, banks, deposits, withdrawals

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 2 - *Tomorrow's Money: Getting to the End of the Rainbow,* contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: Our Hands Make Choices

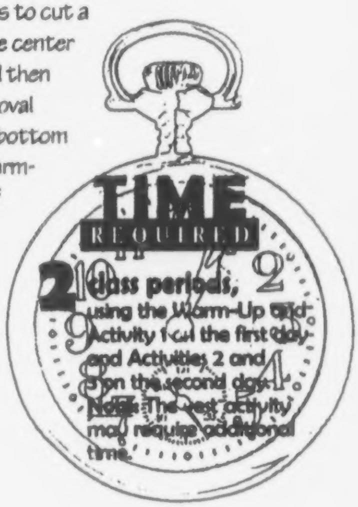
- *Cut a large sheet of butcher paper to make a banner.*
- *Write "Our Hands Make Choices" at the top.*

B. FOR ACTIVITY 2: Lots of Nickels: It All Adds Up!

- *On cardstock, duplicate Activity Sheet 5.1:* ***Penny Strips****, making enough copies to give each student one penny strip with 5 pennies on it. Cut the penny strips apart. (Real pennies may be used and taped to a strip of cardstock, if preferred.)*
- *On cardstock, make one copy of Activity Sheet 5.2:* ***Want Cards****. Cut the cards apart.*
- *From cardstock make a sign and attach yarn, so that a student can wear it around his or her neck. On the sign, print the words "Happy Kid."*

C. FOR ACTIVITY 3: Let's Make a Vest!

Use paper grocery sacks turned upside down to prepare one vest for each student prior to the classroom activity. The simplest way to make a vest is to cut a slit all the way up the center front of the bag, and then continue cutting an oval shape from the bag bottom for a neck hole. Cut armholes on each side. If there is writing on the bag, turn the bag inside out. The students will finish the remainder of the vest in the class project.


TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activities 2 and 3 on the second day. Note: The vest activity may require additional time.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 5 - Spend or Save?*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **What was the decision that Penny has to make?** *(To spend on a vest or save for a bike.)*
2. **Why did Penny want a new vest?** *(She wanted the new vest to wear with her five-pocket jeans, and the vest she had looked old.)*
3. **Why did Penny have to make a choice between the vest and the new bicycle?** *(She didn't have enough money to buy both the vest and the bicycle, or to buy the bicycle now. She had only enough money to buy the vest now.)*

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4. **How did Penny decide that she could have both a vest now and a bicycle later?** (*She decided to decorate her old denim vest, creating a "new" one. This helped her save money to buy the bicycle later, when she had accumulated enough money.*)

5. **What did Penny give up to save for a bike later?** (*The new vest.*) **What do you call the item you have to give up when you make a choice?** (*Your opportunity cost.*)

6. **How did Penny discover that she already had more money than she thought?** (*She counted the coins in her piggy bank and found that she had saved more than she remembered.*)

7. **Why was Penny's mother proud of her?** (*She was proud because Penny made her own decision about the vest and the bicycle.*)

8. **Where do you think Penny should keep her money? Why?** (*Answers will vary, but should include the bank.*)

C. Have the students recall that Penny learned about savings accounts, deposits, and withdrawals when she visited the bank with her mother. Discuss:

1. **What is a savings account?** (*A way to keep money in a bank for future purchases.*)
2. **What is a deposit?** (*Money that is put into the account.*)
3. **What is a withdrawal?** (*Money that is taken out of the account.*)
4. **Do you save money at a bank? Why?** (*Answers will vary.*)

EXERCISE

ACTIVITY 1 — Our Hands Make Choices

1. Recall with the students that in the story Penny had to make a choice between buying a new vest and saving for a new bike. When she chose to save for the bike, she gave up buying a new vest—her opportunity cost. Remind students that *opportunity cost* is the best thing that a person gives up when he or she makes a choice. Tell the students they will now be making choices, looking at the opportunity costs.

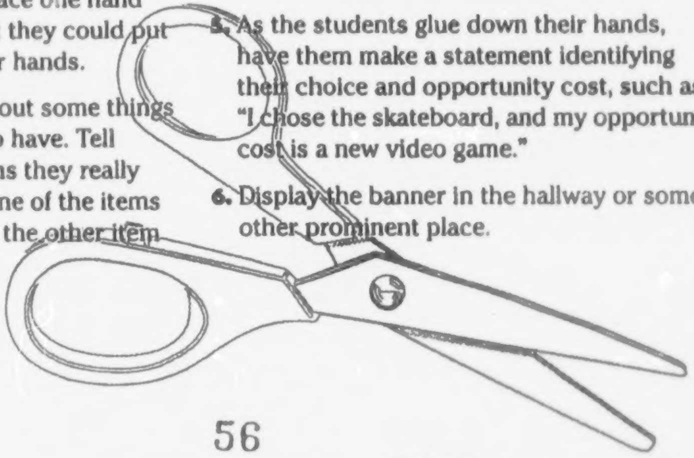
2. Give the students drawing paper, crayons, and scissors. Tell them to trace one hand and cut it out. Point out that they could put something they want in their hands.

3. Tell the students to think about some things that they would really like to have. Tell them to choose the two items they really want most, and then draw one of the items on one side of the hand and the other item on the other side.

4. When the students have completed both drawings, invite them to help make a "choice banner." Show them a prepared sheet of butcher paper with the title "Our Hands Make Choices." Tell them that they should paste their hands on this paper. Point out that when a hand is pasted down, only one side will show because the other side will be pasted onto the banner. At this point each student must choose which drawing to show on the banner and which one to give up. The one they do not choose—their opportunity cost—must be covered with paste and put out of sight forever, glued against the banner.

5. As the students glue down their hands, have them make a statement identifying their choice and opportunity cost, such as "I chose the skateboard, and my opportunity cost is a new video game."

6. Display the banner in the hallway or some other prominent place.



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ACTIVITY 2 — Lots of Nickels: It All Adds Up

1. Remind the students that, in the story, Penny decided to save the money she might have spent so that she would have more money to spend on a bicycle later. Tell the students that they, like Penny, will participate in a saving activity.

2. Give all the students, except one, a paper clip and a paper penny strip cut from Activity Sheet 5.1: *Penny Strips*. Ask the following questions:
    - What is a five-penny strip worth? (*5 cents*)
    - What coin could represent all five pennies? (*A nickel.*)
    - What do you think you could buy individually with the coins you have? (*Five cents won't buy many goods or services.*)

3. Explain that, in this activity, all but one of the students will pretend to be nickels. Tell them to use their paper clips to attach the penny strips to their clothing to identify themselves as nickels.

4. Explain that the remaining student will be the *Happy Kid* who receives a nickel every day for allowance. Bring this student to the front of the class, and give her or him the prepared *Happy Kid* sign to wear.

5. Have the students name the days of the week as you record them across the top of the chalkboard. Present the *Happy Kid* with a "nickel" (student) who will be Monday's allowance, and have this "nickel" stand under the word *Monday* on the chalkboard. Explain that if the *Happy Kid* spends the five cents received on the first day, this student's alternatives for spending may be very limited because this is such a small amount of money. Elicit from students the idea that to buy something more expensive, the *Happy Kid* must save the nickel each day for a while.

6. Show the students the stack of cards made from Activity Sheet 5.2: *Want Cards*, and explain that these cards have things on them that a *Happy Kid* might want. Give the *Happy Kid* the apple card from the stack, and discuss the price on the card. (35 cents) Have the students try to figure how long it would take the *Happy Kid* to save enough money to buy the apple. (*Seven days or one week.*) Demonstrate this by having the *Happy Kid* line up a student/nickel under each day of the week, until he or she has 35 cents. Counting by fives, have the students count themselves, saying 5, 10, 15, 20, 25, 30, and 35 cents.

7. Have the *Happy Kid* switch places with a student/nickel. Let the new *Happy Kid* come to the front and select a new want from the card stack, repeating the activity to find how many days and/or weeks it will take to save enough money to buy the new want.

8. Continue in this way, with a new *Happy Kid* in each round of the game, until all want cards have been used. This activity will help young children understand that savings increase over time.

9. Discuss with students how saving only a nickel a day can help them make bigger purchases in the future.

ACTIVITY 3 — Let's Make a Vest!

1. Have the students recall what happened to help Penny make the choice to save her money for a bicycle. (*Sally's mother will help her decorate her old vest, and now she does not want a new vest as much as before.*)

2. Tell the students they will decorate a vest, too. Distribute prepared vests, along with scissors and markers or crayons. (See preparation instructions in *Getting Ready!* of this lesson.) Caution students that these are made from paper and will tear easily.

3. Call students' attention to the fact that the vest is too long and must now be shortened. Explain that first they will need to make a decision about how they want the bottom of the vest to look. Demonstrate on scraps of the grocery sacks how they can fringe or scallop the bottom or cut small curved sections from each side toward the middle of their vests to give them a rounded or a

pointed bottom. Tell them to think carefully about it, before they cut. Remind them that when they decide to cut their vests one way, they will be giving up having the vest come out differently, and the different look they give up will be their opportunity cost. Have them cut the bottom of the vest.

4. Show the assortment of items that may be glued onto the vest for decoration. Have enough of the penny strips left from Activity 1 (made from *Activity 5.1: Penny Strips*) for each student to have a strip of five pennies. Then charge the students a penny for each of the vest decorations. The students will have to make decisions and will have opportunity costs for their choices.
5. Allow the students to come to the resource table to buy items to use to decorate their vests. Explain that they should put three buttons on their vests. Help them calculate how much money they will have left (*2 cents*) and how many other decorations they will be able to purchase (*2 additional decorations*). Then have them choose two more decorations and pay for them.
6. Be sure that there are not enough buttons for everyone to have three. When the buttons are gone, students without buttons will begin to complain. Tell students there is a problem because there are not enough resources to satisfy everyone's wants. Ask how to solve the problem. (*Answers will vary. They will probably suggest sharing so everyone can have at least two buttons on their vests.*)
7. Allow time for students to draw, color, and glue decorations onto their vests. Allow time for the vests to dry, and then have the students put on their vests. Have the students count the buttons on all vests in the class, first by ones and then by twos.
8. Ask the students:
   - **Do you think Penny will be happy with her choice after she decorates her old vest?**
   - **Are you happy with the vest you decorated?**

   Explain that sometimes decisions have consequences that can be good or bad.
9. **Optional:** Arrange with another classroom for the students to model their vests and to share the choices they had to make when decorating the vests.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Do you have lots of wants? Name some.** (*Answers will vary.*)
2. **Can you have everything you want?** (*No.*) **Why not?** (*We don't have enough money to buy everything we want right now.*)
3. **What could you do now, so you would be able to buy an expensive item you want later?** (*Save.*)
4. **Can you tell us about a time when your family has saved to get something? What did your family buy?** (*Answers will vary.*)
5. **How many pennies is a dime worth?** (*Ten cents.*)
6. **Does ten cents have much value?** (*No. You can't buy very many goods or services with one dime.*)
7. **If everyone in our class saved a dime every day for a month, would we be able to buy more things?** (*Yes. We would have many dimes, and many dimes will buy more.*)
8. **If you can't have everything you want, you often have to make a choice, and you have an opportunity cost. What is opportunity cost?** (*The next-best alternative you give up when you make a decision.*)
9. **Give me an example of a time when you made a decision. Be sure to tell your two alternatives, the alternative you chose, and your opportunity cost.** (*Answers will vary. Be sure students give only one opportunity cost because it is the next best alternative given up, not all alternatives given up.*)

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Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students some of the verses to this song. Remind students that decisions they make may have consequences.

Be Careful
(Tune: *If You're Happy and You Know It Clap Your Hands*)

Be careful little eyes what you want. (*clap, clap*)
Be careful little eyes what you want. (*clap, clap*)
Wanting goods and services,
Can put you in a fizz,
Be careful little eyes what you want. (*clap, clap*)

Be careful little mind when you decide. (*clap, clap*)
Be careful little mind when you decide. (*clap, clap*)
Weigh the costs and benefits,
They will help you quite a bit.
Be careful little mind when you decide. (*clap, clap*)

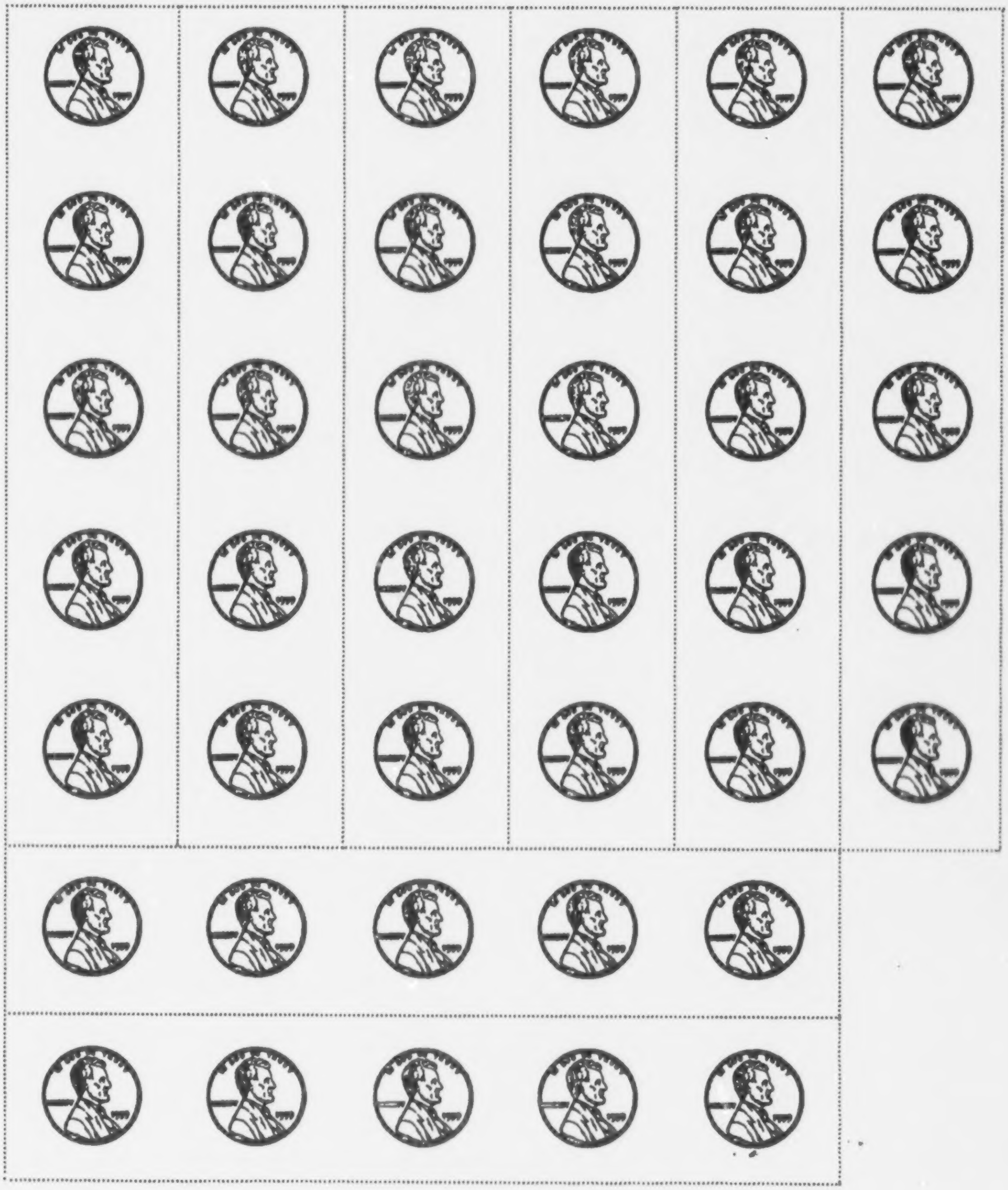
Be careful little hands when you choose. (*clap, clap*)
Be careful little hands when you choose. (*clap, clap*)
Opportunity cost
Is the choice that is lost.
Be careful little hands when you choose. (*clap, clap*)

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

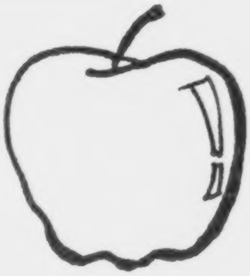
ACTIVITY SHEET 5.1

Penny Strips

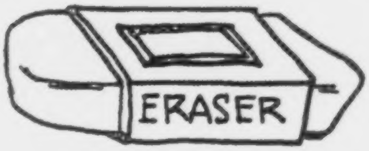


ACTIVITY SHEET 5.2

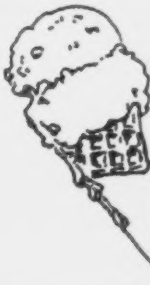
Want Cards



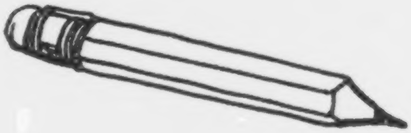
35¢



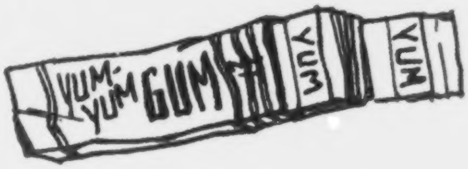
20¢



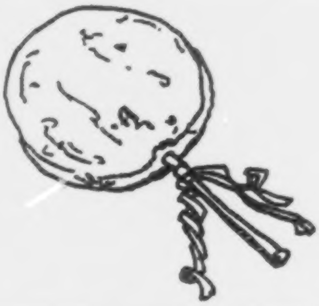
75¢



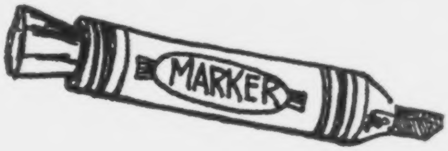
25¢


YUM-YUM GUM
YUM
YUM

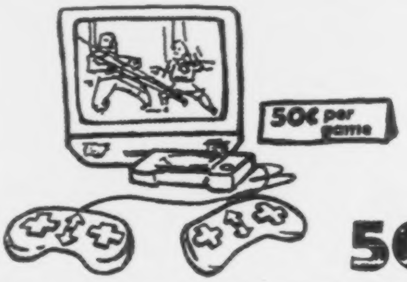
30¢



70¢



95¢



50¢

LESSON

6

How We Save

Story 6: A Savings Problem

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 6 - A Savings Problem***
- ✔ Activity Sheet 6.1: ***Deposits and Withdrawals***
- ✔ Activity Sheet 6.2: ***Banking Cards***
- ✔ Activity Sheet 6.3: ***Piggy Bank***
- ✔ Activity Sheet 6.4: ***Savings Register***
- ✔ Masking tape
- ✔ 3" x 5" cards – one per student
- ✔ Plastic zip-up bags (gallon size) – one for each group of 3 to 4 students
- ✔ Dice – one die for each group of 3 to 4 students
- ✔ Pennies (or counters or tokens) – 50 for each group of 3 to 4 students
- ✔ Pencils – one for each group of 3 to 4 students

LESSON DESCRIPTION

The class hears a story about Nicholas's family during a time of unexpected financial emergency. Students experience scarcity as they try to fit everything they want into a pocket. They learn about depositing and withdrawing money as they participate in a savings game. They learn that good savers often have a plan on how and when to save.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

Scarcity is the condition of not being able to have all goods and services that you want. It results from the imbalance between relatively unlimited wants and limited resources. Scarcity requires people to make choices, which results in opportunity costs. People save because they do not have enough money to buy all the goods and services they want at a particular time.

Student Objectives

At the end of this lesson the student will be able to:

- ✔ Identify scarcity as not being able to have everything one wants.
- ✔ Use the concept of opportunity cost to help make decisions.
- ✔ Understand the difference between a deposit and a withdrawal.
- ✔ Demonstrate that good decisions about saving involve planning.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Scarcity, choice, opportunity cost, banking, deposits, withdrawals, saving, spending, money

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 2 - *Tomorrow's Money: Getting to the End of the Rainbow*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1:
A Pocket Problem on the Floor

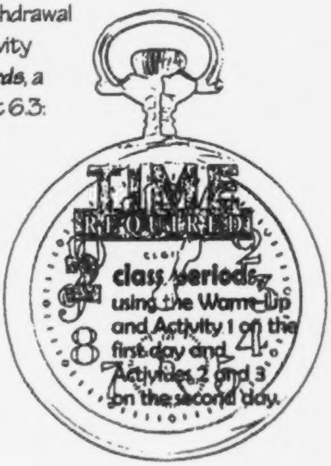
Use masking tape to make the shape of a pocket on the floor. Make the outline small enough so that not all students will be able to stand inside.

B. FOR ACTIVITY 2: Helping Hands: Depositing or Withdrawing?

Make a transparency of Activity Sheet 6.1: ***Deposits and Withdrawals***.

C. FOR ACTIVITY 3:
Game: Savings Roll Along

- On cardstock, duplicate Activity Sheet 6.2: ***Banking Cards***, making one copy for each group of 3 to 5 students. Cut out withdrawal and deposit cards from the activity sheets.
- On paper, duplicate Activity Sheet 6.3: ***Piggy Bank***, and Activity Sheet 6.4: ***Savings Register***, making enough copies for each group of 3 to 5 students to have one of each.
- Make a game packet for each group of 3 to 5 students by using plastic zip-up bags. Fill each bag with a die, a roll of 50 pennies, a set of deposit and withdrawal cards made from Activity Sheet 6.2: ***Banking Cards***, a copy of Activity Sheet 6.3: ***Piggy Bank***, a copy of Activity Sheet 6.4: ***Savings Register***, and a pencil.
- Make a transparency of Activity Sheet 6.4: ***Savings Register***.



2 class periods using the Warm-Up and Activity 1 on the first day and Activities 2 and 3 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 6 - A Savings Problem*.

B. Ask the following questions, or intersperse them at appropriate intervals:

1. **Why was Nicholas's mother saving money?** (*She was saving for a family vacation at Circus World.*)
2. **What happened that created an emergency for the family?** (*The TV had to be replaced.*)
3. **What decision must Nicholas's family make?** (*They must decide whether to use savings for a new television set or for a vacation.*)
4. **What did Nicholas want to do with the saved money?** (*He really wanted both the vacation and the television set.*)

5. Can Nicholas and his mom have everything they want? (*No.*) What is that called? (*Scarcity.*)

6. How do you feel when you have to face scarcity and can't have everything you want? (*Answers will vary, but may include disappointed, angry, and sad.*)

C. When people have a scarcity problem, what must they do? (*Make a choice.*)

EXERCISE

ACTIVITY 1 — A Pocket Problem on the Floor

1. To introduce this activity, ask the students what they like to put in their pockets. List on the chalkboard all of the things that they keep in their pockets. (*Responses will vary, but they might include various denominations of money, small toys of many descriptions, rocks, marbles, combs, pictures, or pencils.*)
2. Give the students a 3" x 5" card and ask them to choose which pocket item in the list they would like to have. Have them write and/or draw the item on their card.
3. Show the students the small tape outline of a pocket that you have prepared on the floor. Identify it as your (the teacher's) pocket. Call out items one at a time that you want to put in the pocket, and have the students with those items on their card go and stand "in the pocket." Keep calling items until all the students are supposed to be standing "in the pocket." As more and more items are called, the pocket will get very crowded and space in the pocket will become scarce.
4. Announce that the students seem to have a problem. Tell them to return to their seats, and the class will work on solving the problem.
5. Have the students recall the word that Nicholas's mom used to describe their unfortunate problem. (*Scarcity.*) Review the meaning of this word. (*Not enough of something to have everything you want.*) Explain that scarcity applies to the pocket problem because there is a scarcity of space for the items the teacher wants in his or her pocket.
6. Tell the students that when people have a scarcity problem, they must make choices. Discuss how the pocket problem might be resolved. (*By choosing which items to put into the pocket and not having every item in the pocket.*) When the teacher has to choose which items to put in the pocket, some items must be given up.
7. Again, fill the pocket with students until it is comfortably full. Tell the students that you really want just one more item in the pocket. Identify this next favorite item left out of the pocket as your *opportunity cost.*

ACTIVITY 2 — Helping Hands: Depositing or Withdrawing?

1. Display the top half of the transparency made from Activity Sheet 6.1: *Deposits and Withdrawals*. Call attention to the word Deposit, and the sound of the first letter, "D." Ask students to make a capital letter "D" with their fingers, as seen on the transparency, while you explain that a deposit is putting money into savings. Then display the bottom half of the transparency and call attention to the word *Withdrawal* and the sound of the first letter, "W." Ask them to make capital letter "W" with their fingers, as seen on the transparency, as you explain that a withdrawal is taking money out of savings.
2. To help students remember the definitions of the words *deposit* and *withdrawal*, read the following sentences, and ask the students to respond by making the letter "D" or the letter "W" with their fingers.
   - Dad took a lot of money out of his savings account to begin paying for a new car for the family. Was this a deposit or a withdrawal? (*Withdrawal.*)

- Nicholas was saving to buy a toy he wanted, so he put a quarter in his piggy bank each week. Was this a deposit or a withdrawal? (*Deposit.*)
- Penny's mom put money in her bank account every payday so that she will have money to spend next Christmas. Was this a deposit or a withdrawal? (*Deposit.*)
- Ms. Kim will take some money out of her savings account next week to buy a plane ticket for a trip to see her sister in Florida. Will this be a deposit or a withdrawal? (*Withdrawal.*)
- Mr. Lopez loves peppermint candy canes. Once in a while he will put his spare change in a little box in his sock drawer, so that he will have money to buy some candy canes when he runs out of them. Is this a deposit or a withdrawal? (*Deposit.*)
- Penny shook her bank to listen to the money rattle one last time. Then she opened it and took the money out and put it in her pocket to spend at the fair. Was this a deposit or a withdrawal? (*Withdrawal.*)

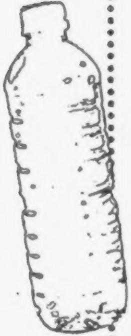
ACTIVITY 3 — Game: Savings Roll Along

1. Divide the class into teams with no more than five students in each group. Give each group a plastic zip-up bag containing a die, a roll of 50 pennies, a set of deposit and withdrawal cards made from Activity Sheet 6.2: *Banking Cards*, copies of Activity Sheet 6.3: *Piggy Bank* and Activity Sheet 6.4: *Savings Register*, and a pencil.
2. Have the students remove all contents of the plastic bag except the pennies. Tell them to shuffle the *deposit* and *withdrawal* cards and stack them face down in the middle of the group.
3. Tell the students to pretend that the school principal has given each group a piggy bank, and he/she has started the group's savings account by depositing 10 pennies in the bank. Tell the students to take the pig from their bag and place 10 pennies on the pig.
4. Demonstrate how the game is played, using a transparency of Activity Sheet 6.4: *Savings Register*. Then tell the students that they must work together to play the game. Explain that the winning team will be the group that has the most money at the end of the game.
5. To play the game, each student takes a turn rolling the die and calling out the total rolled. The student then draws a card from the pile and turns the card over to find out whether to deposit or withdraw the amount shown on the die.
6. The student then records this information on the group's *Savings Register* sheet. Using the pennies from the bag, the student deposits or withdraws the money indicated. As each student adds or subtracts pennies from the piggy bank, the student states what he or she is doing and gives a make-believe reason:
   - "I rolled a five and the card says 'deposit.' I am depositing five pennies that my mother gave me for taking out the trash." (Then the student places five pennies on the piggy bank.)
   - "I rolled a three and the card says 'withdrawal.' I am withdrawing three pennies so that I'll have enough money to buy a yo-yo." (Then the student removes three pennies from the piggy bank.)
7. After each group member has a chance to roll the die, have the group add up the total saved in that round.
8. **Optional:** To add more of a challenge for older students, distribute paper and tell groups to write equations showing what happened in each round. In this way, they become aware that when people deposit money in a savings account they add to their savings; when people withdraw money from a savings account, they subtract from their savings.
9. At the end of the allotted time or when each group has had the same number of rolls, write the totals on the chalkboard and compare the amount saved by different groups.

Ask for volunteers to come to the chalkboard and write comparison statements, such as: 32¢ > 29¢.

10. A small prize may be given to members of the "winning" group if desired. In a discussion, help the students realize that in this game, the winner was determined by luck, but in real life good savers are people who plan to save and work hard at it.

11. As an optional writing activity, students can turn over the Savings Register Activity Sheet and work together as a group to write a few sentences that tell what the word "saving" means to them.



COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What kind of a problem do we have when there are not enough resources to satisfy our wants?** (*A scarcity problem.*)
2. **We often have scarcity problems in our classroom and don't have enough of something to satisfy all of our wants. What do we have to do then?** (*Make a choice.*)
3. **What is the difference between spending and saving?** (*If you spend your money, you buy something now. When you save, you put off buying until later.*)
4. **Where do most adults keep their savings?** (*In banks.*)
5. **If you put money into your savings, what is that called?** (*Depositing money.*)
6. **If you take money out of your savings, what is it called?** (*Withdrawing money.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach students the following song about making decisions concerning whether to spend or save.

I've Got Money

(Tune: *Are You Sleeping, Brother John*)

(1) I've got money.
I've got money.
What should I do?
What should I do?
I must make a choice.
I must make a choice.
Spend or save,
Spend or save.

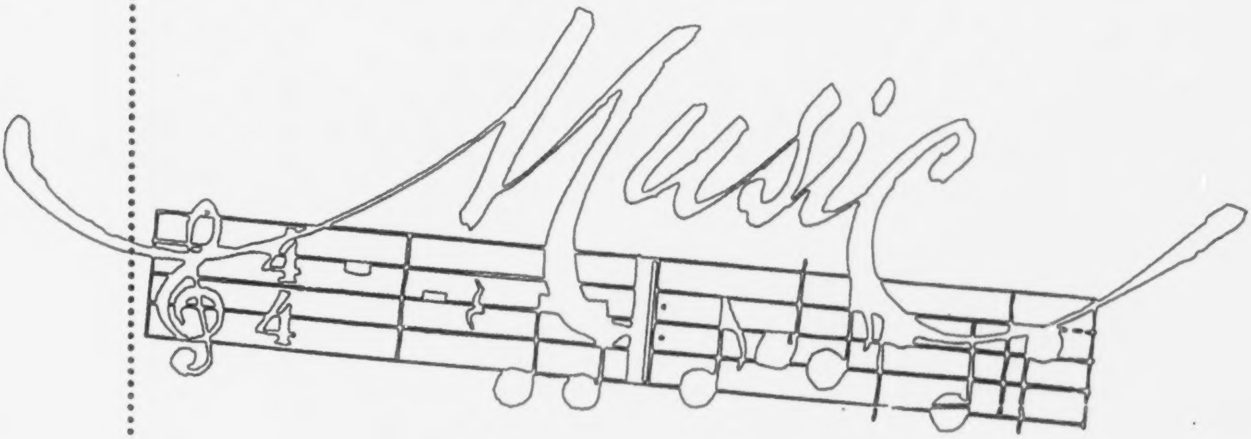
(2) I've got money.
I've got money.
I could spend.
I could spend.
Getting something now,
Getting something now,
Something small,
Something small.

(3) I've got money.
I've got money.
I could save.
I could save.
Getting something later,
Getting something later,
Something big,
Something big.

(4) I've got money.
I've got money.
What should I do?
What should I do?
Spend a little now,
Spend a little now,
Save some, too!
Save some, too!

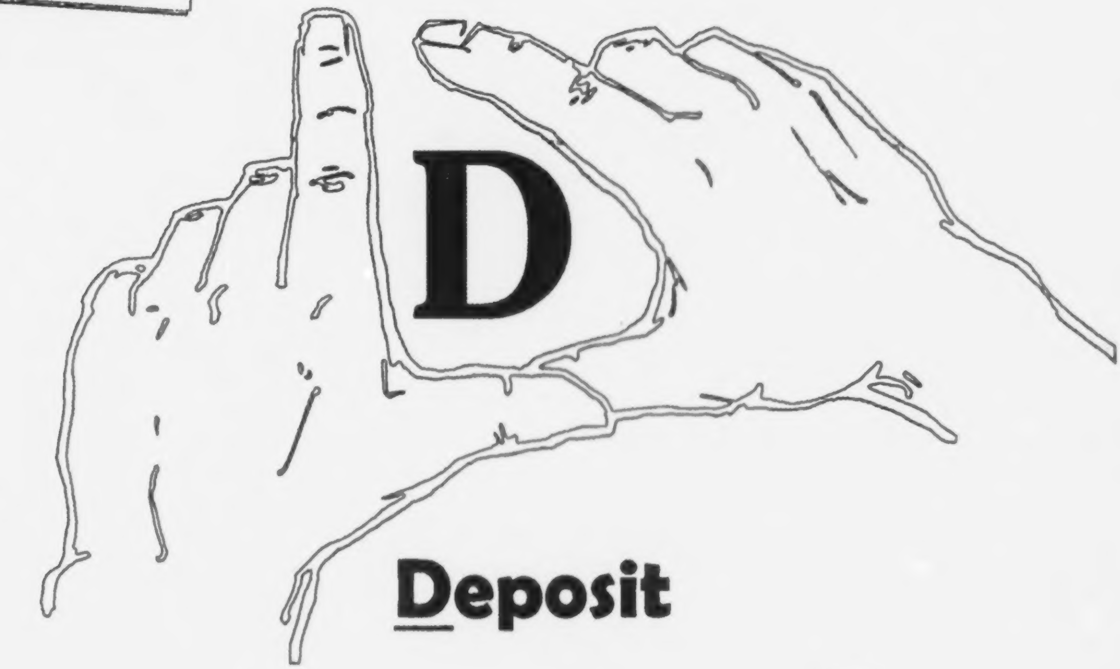
Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

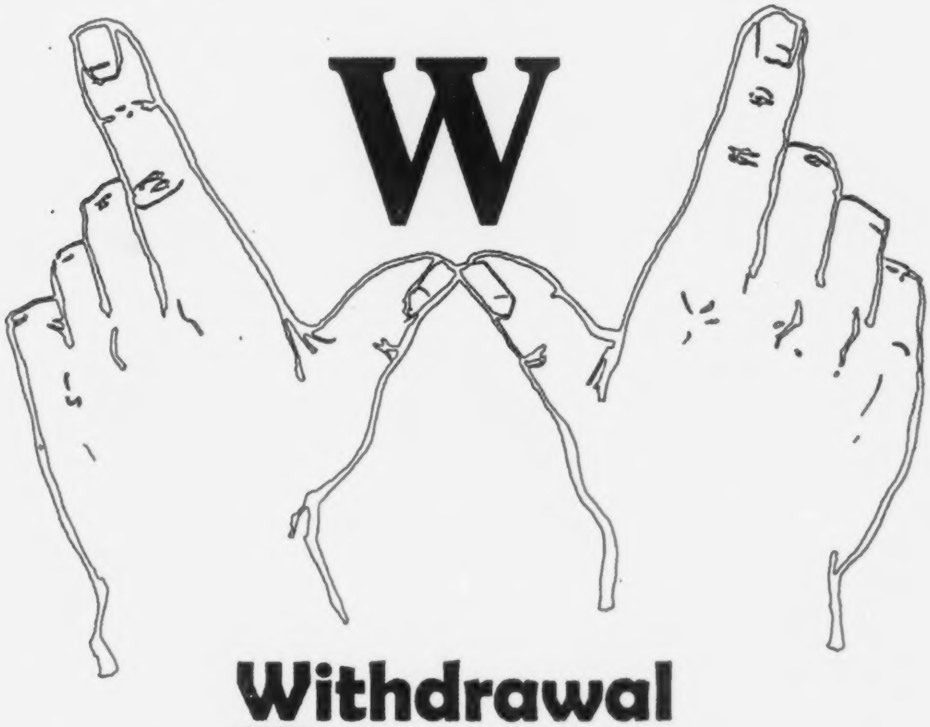


ACTIVITY SHEET 6.1

Deposits and Withdrawals



Deposit



Withdrawal

ACTIVITY SHEET 6.2

Banking Cards

Withdrawal	Withdrawal
Withdrawal	Withdrawal
Deposit	Deposit
Deposit	Deposit
Deposit	Deposit
Deposit	Deposit

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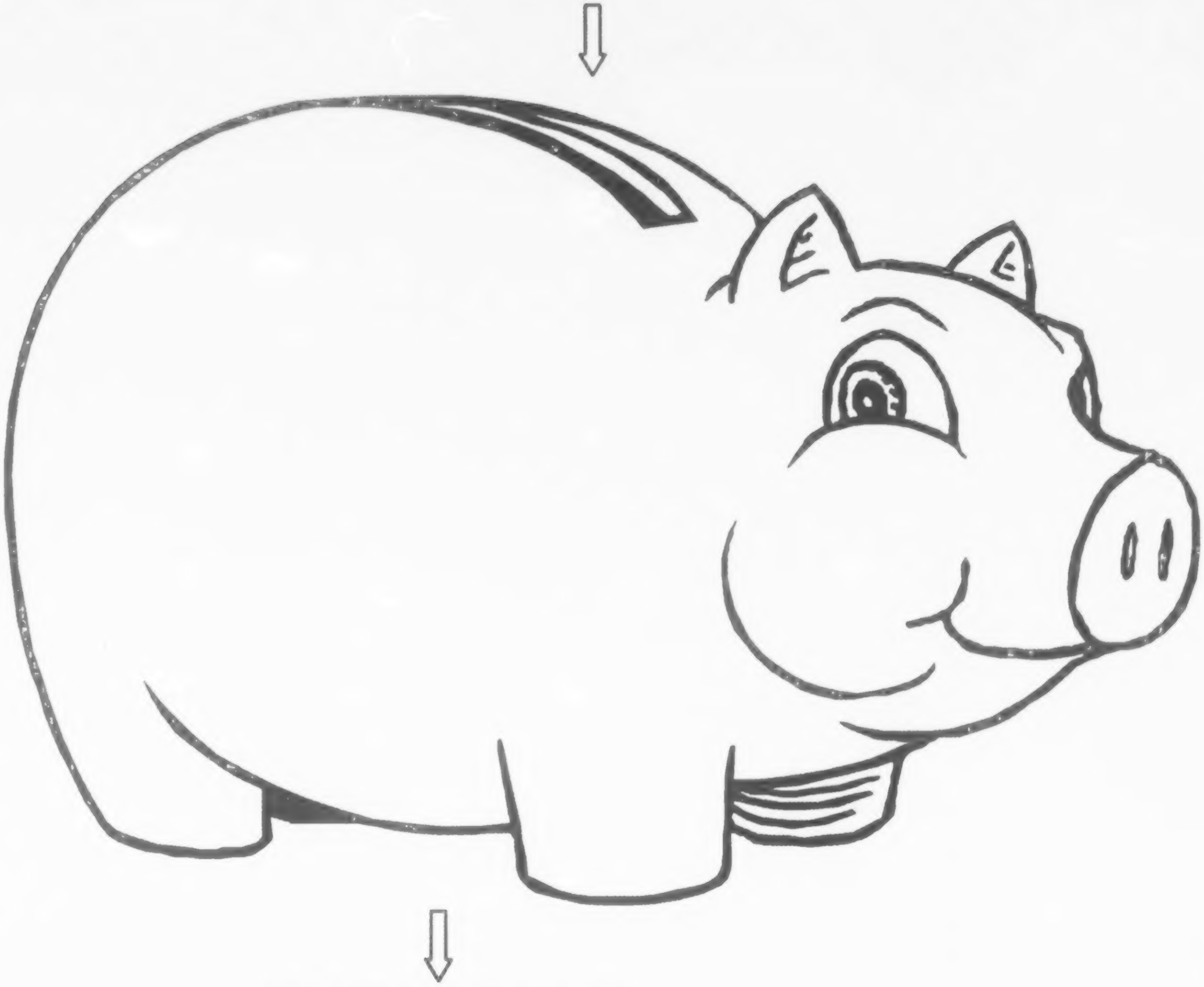
ACTIVITY SHEET 6.3

Piggy Bank


Deposit
Withdrawal

ACTIVITY SHEET 6.4

Savings Register

Roll	Student Name	Deposit	Withdrawal	Balance

LESSON

7

Saving Makes Us Wait

Story 7: Saving Requires Waiting

Fitness Focus

EQUIPMENT

- ✔ Storybook: *Story 7 - Saving Requires Waiting*
- ✔ Activity Sheet 3.1: *Pocket Change* (from Lesson 3)
- ✔ Activity Sheet 4.1: *Benefits and Costs* (from Lesson 4)
- ✔ Activity Sheet 7.1: *Gazing into the Future*
- ✔ Brown and green construction paper
- ✔ A small hand mirror

LESSON DESCRIPTION

Students experience setting a goal and saving to achieve that goal. The class discusses the costs and benefits of saving by completing a decision grid. Using a magic mirror they gaze into the future and learn that people must plan for future wants.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

Saving is delayed spending. People decide to save in order to reach goals. There are benefits and costs to such a decision. The benefits include accumulating money to achieve goals. The costs include not being able to satisfy wants now.

Student Objectives

At the end of this lesson the student will be able to:

- ✔ Explain that saving is an alternative to spending.
- ✔ Identify the benefits, costs, and opportunity costs of a decision to save.
- ✔ Show that a plan, such as a plan to save, can transform satisfying a want into an achievable goal.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Benefits and costs, money, opportunity cost, saving, wants, savings goals

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 2 - *Tomorrow's Money: Getting to the End of the Rainbow*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1:
Up a Tree: Saving Toward a Goal

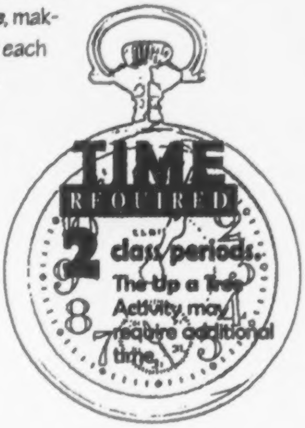
- Using the green and brown construction paper, make a large "money tree" to display on a wall or a bulletin board. Be sure that it is at a height and position so students can reach to the top of it.
- Duplicate Activity Sheet 3.1: ***Pocket Change*** (from Lesson 3), making enough copies to have coins to give out as incentives and rewards.

B. FOR ACTIVITY 2:
Mr. Lopez Faces his Problem

Make a transparency of Activity Sheet 4.1: ***Benefits and Costs*** (from Lesson 4); or, if a transparency was made in lesson 4, use that one.

C. FOR ACTIVITY 3: Fairy Tale Wants

Duplicate Activity Sheet 7.1: ***Gazing into the Future***, making enough copies for each student to have one.


TIME
REQUIRED
2 class periods.
The Up a Tree Activity may require additional time.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to students *Story 7 – Saving Requires Waiting*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **Do you dream about the future?** (*Allow time for students to tell about their dreams.*)
2. **What was Mr. Lopez's dream?** (*To go home to Mexico where he was born.*)
3. **Were the children's wants the same as Mr. Lopez's wants?** (*No.*)
4. **What were some of the things Mr. Lopez said the children wanted?** (*Bikes, movies, ball games.*)
5. **Why are people's wants different?** (*At different times in their lives, individuals have different wants, dreams, and goals.*)
6. **How did Mr. Lopez get the money to go to Mexico?** (*By saving.*)
7. **When people decide to save money, what do they give up?** (*They give up the chance to spend and enjoy their money now.*)
8. **What did Mr. Lopez have to give up to be able to save enough money to go to Mexico?** (*He gave up owning and using a car.*)
9. **What do we call the thing that is given up when people make decisions?** (*Their opportunity cost.*)

EXERCISE

ACTIVITY 1 — Up a Tree: Saving Toward a Goal

1. Recall with students Mr. Lopez's experience with saving money. Ask them:
   - Why was Mr. Lopez saving money? (*He wanted to be able to go home to Mexico for a visit.*)
   - Do you think this money was easy for him to get? (*No. Mr. Lopez probably had to work for a long time to save up enough money to go to Mexico.*)
   - Why do you think he was willing to go without a car for so long? (*He wanted so much to go to Mexico and visit.*)
2. Tell the students that they will participate in an activity in which they will put money aside, just as Mr. Lopez did. They, too, must wait and watch their money grow, so they can reach their goal and get what they want.
3. Discuss the expression "Money doesn't grow on trees." Ask students what they think it means. (*Money is not easy to get and cannot just be picked from a tree. Instead people must work hard to earn the money they want, just as Mr. Lopez did.*)
4. Tell students they will try to make money grow on a tree. Show them the large "Money Tree" display. (See preparation instructions in the *Getting Ready!* section.) Give students one paper coin each (from Activity Sheet 3.1: *Pocket Change*). Tell them that this is payment for coming to school today and working hard. Tell them that each time they receive a paper coin they will paste it on the tree. Allow them to paste the coins they have already received on the tree.
5. Decide upon a reward to offer students as a goal, such as an extra recess period, a picnic at lunchtime, or a classroom celebration of some kind. You will provide this reward to them, but they must "pay" for it with the paper coins they earn and collect on the tree over time. Be sure to define the goal in terms of how much money the students must collect, such as $3.00 or $5.00 or whatever amount you set.
6. Determine the "charge" by estimating the amount of "money" you will distribute to them per day and multiplying it by the number of days you would like to continue this activity.
7. Explain that you will pay more coins to them for certain things. Determine the things for which you will pay students, such as finishing their work, being on time, going directly to their seats, and general good behavior. You can pay them as you "catch them being good." This can be improvised on the spot and can be a powerful incentive to get students to do what you want them to do. (To keep students from interrupting lessons to ask for money payments, you may want to make it a rule that they will not receive any money if they ask for it, but will only receive payments when you observe their good behavior without comments.)
8. Coins used should depend upon the age and maturity of the students. Use only one denomination with younger students, making it something they are able to count. Using a variety of coins can challenge older students. You may want to make the tree have a branch for each type of coin.
9. Point out that they are not really saving money, as Mr. Lopez did; they are only collecting paper coins. But they get to see how it feels to watch their savings grow toward their goal, just as it would if they were saving real money in an account at the bank.
10. From time to time you can count up the amount of money on the tree to see how close they are to their savings goal. You may want to count up to $1.00, marking off the money as you go, and make a tally mark with a marker on the tree trunk for every dollar counted.
11. When the goal is reached, provide the reward to the students, and call attention to the wait that they had to endure while they "saved" money on the tree to reach their goal. Ask them if it was worth the wait. Compare this with Mr. Lopez's wait to save enough money to go to Mexico.

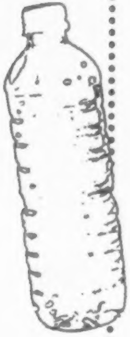
ACTIVITY 2 — Mr. Lopez Faces His Problem

1. Have the students recall when Penny faced a problem about whether to buy a vest now or save for a bike later. Show them the transparency with the benefits and costs grid used with Lesson 4 (Activity Sheet 4.1: *Benefits and Costs*). Suggest that Mr. Lopez also faced a problem, just as Penny did. He could have used this grid to discover the benefits and cost for his choice.
2. Ask what Mr. Lopez's alternatives were in this story. (*Getting a car or going to visit his home in Mexico.*) Find the boxes for the alternatives at the top of the page. Write in the "Alternative 1" square "Going to Mexico" and draw a picture of a visit. Put "Getting a Car" in the "Alternative 2" square. See the chart below.
3. Tell the students to remember that they will suggest possible benefits and costs and put them by the happy and sad faces. Recall that when people make decisions, they consider the good points, called benefits, and the bad points, called costs, for each of their alternatives.
4. Ask the students to suggest benefits and costs for the trip to Mexico and for getting the car, and record their responses in the appropriate boxes. Possible suggestions are listed in the chart below.
5. As in the previous costs and benefits lesson, ask the students if they think this chart tells what the *right* choice is for Mr. Lopez. (*No.*) Tell them that the best decision for Mr. Lopez was the one that best satisfied his wants. He chose the one that would make him happier—the trip to Mexico.

	Alternative 1: Going to Mexico	Alternative 2: Getting a Car
☺ Benefits (Good Points)	☺ he had been dreaming about the trip for a long time	☺ car would last for a long time
	☺ he would get to see his family in Mexico	☺ he wouldn't have to take the bus anymore
Costs (Bad Points)	☹ it wouldn't last—the trip would soon be over	☹ he would miss out on the trip
	☹ the money would be gone and he wouldn't have anything to show for it	☹ his dream wouldn't come true
		☹ he wouldn't get to see his family

ACTIVITY 3 — Fairy Tale Wants

1. Explain to students that they cannot see into the future to know exactly what their wants might be at some later time. People should make wise savings decisions now in order to be able to meet their needs in the future.
2. To reinforce this idea display a hand mirror and have a few selected students look into it and recite this familiar fairy tale line with an economic twist:
   Mirror, mirror, on the wall,
   Why will I need money after all?
3. In a discussion, point out that if it were this easy, people would only have to talk to a



mirror to know what the future holds or look into a crystal ball for answers to questions about why they will need money in the future. Explain that, in real life, no one can foresee the future, and that is one reason why saving is so important. People must make decisions that will prepare them for an uncertain future.

4. Distribute Activity Sheet 7.1, *Gazing into the Future*, giving a copy to each student. Tell the students to draw the following on each of the four wall mirrors:
    - **A.** Draw something you want and could save for at the present time.
    - **B.** Draw something that you may want when you are a teenager—something for which you would need to save.
    - **C.** Draw something that you may want when you are a parent—something for which you would need to save.
    - **D.** Draw something that you may want when you are a grandparent—something for which you would need to save.
5. Repeat the mirror activity, asking the students to choose one of their drawings, and recite the lines again, changing it to:
   Mirror, mirror, on the wall,
   I will need money for ________ when I am ________.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Why do people save money?** (*They have goals or rewards they are trying to reach.*)
2. **Is it easy to save money?** (*No*) **Why not?** (*We usually have more wants now than we can satisfy. If we save, we have to give up satisfying our wants now.*)
3. **Give an example of a cost of saving.** (*You can't have what you want today. You have to put off spending the money now and wait to spend it later.*)
4. **Give an example of a benefit of saving.** (*You can have more expensive wants when you save.*)
5. **Why doesn't everyone want the same things?** (*We are all different, and we want different things.*)
6. **Give me an example of something you want that your parents do not want.** (*Answers will vary, but they might include a video game, a bicycle, or a toy.*)
7. **Do you know what all the things are that you might want in the future?** (*No.*)
8. **How can you plan for future wants?** (*Saving will help me be ready for future wants.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students the song below. Change the name "Johnny" on each verse to the name of a selected student; this student will come to the front of the class and pantomime marching to the bank. All students can stand for the chorus and march in place.

Marching to the Bank

(Tune: *When Johnny Comes Marching Home*)

Verse:

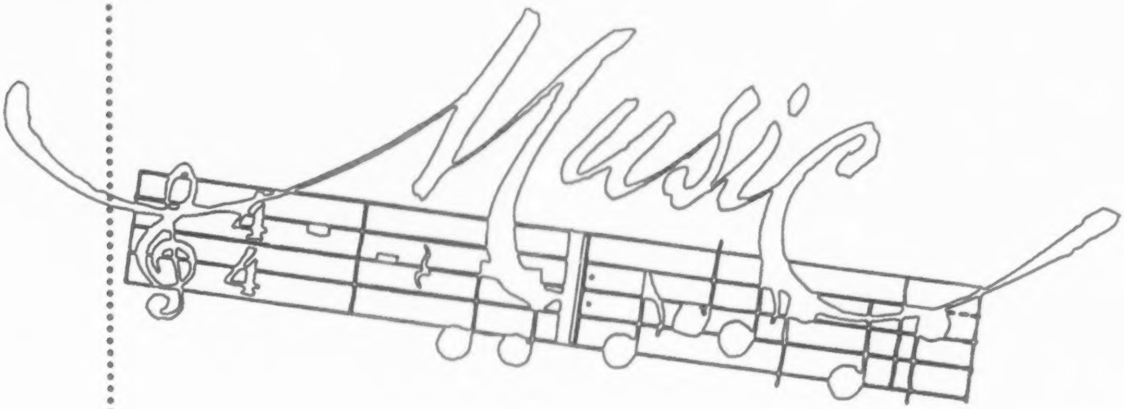
When Johnny goes marching to the bank, Hurrah, Hurrah!
When Johnny goes marching to the bank, Hurrah, Hurrah!
Our Johnny stops to save and then,
The rest of us all follow in.
And we save, save, save, save.
And we all go marching home!

Chorus:

The kids go marching to the bank, Hurrah, Hurrah!
The kids go marching to the bank, Hurrah, Hurrah!
The first one stops to save and then
The rest of them all follow in.
And they save, save, save, save.
And they all go marching home!

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*



ACTIVITY SHEET 7.1

Gazing into the Future

A.

B.

C.

D.

ASSESSMENT

Tomorrow's Money: Getting to the End of the Rainbow

For Younger Students ***(kindergarten through grade 1):***

Using the directions given below, administer Test I only.

For Older Students ***(grades 1 and 2):***

Use Test I and Test II. Even if students are good readers, the teacher should read the questions aloud and allow time for the students to circle the correct pictures. (This is to be certain that you are testing economics concepts, not reading skills.) Use the directions given below for Test I.

DIRECTIONS FOR TEST I

For each row, read the following statements aloud to students. If necessary, identify the pictures.

Brian was packing his lunch for school, and he wanted to take both a banana and an apple. His mother said that he only had room in the lunch box for one piece of fruit. He decided to pack the apple.

♥ 1. Put your finger on the heart. On this row, circle the picture that shows Brian's choice.

☺ 2. Put your finger on the happy face. On this row, circle the picture that shows Brian's opportunity cost.

⇨ 3. Put your finger on the arrow. On this row, circle the picture that is not one of Brian's alternatives.

☐ 4. Put your finger on the box. On this row, circle the person who is spending money.

☾ 5. Put your finger on the moon. On this row, circle the person who is saving money.

DIRECTIONS FOR TEST II

Part A. Pretend that your parents said that you could have a new pet. Listen carefully as I read some sentences about pets. Look on the "Dog" row. Write the letters "B" or "C" on the line under each picture on this row. Write "B" for pictures of the benefits from having a dog, and "C" for pictures of the costs.

1. **A dog might be fun to run and play with.**
2. **A dog might bark all night and keep everyone in the neighborhood awake.**
3. **A dog might bark at prowlers and keep them from breaking into your house.**

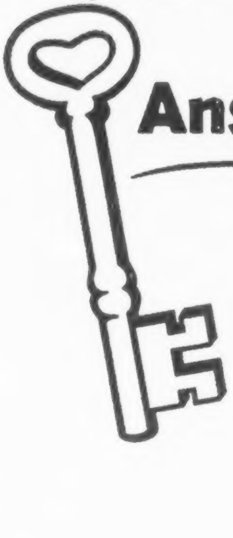
Look on the "Cat" row. Write the letters "B" or "C" on the line under each picture on this row. Write "B" for pictures of the benefits from having a cat, and "C" for pictures of the costs.

4. **A cat might get fleas and bring them into the house.**
5. **A cat might feel soft and warm when it is sitting in your lap and purring.**
6. **A cat might scratch the furniture and tear it up.**

Part B. Look at the pets on this row. If you could decide to have one new pet, circle your choice, and cross out your opportunity cost (your second favorite pet).

Part C. Listen carefully as I read some sentences about people who are saving money. Put a "D" on the line if someone is depositing money into savings. Put a "W" on the line if someone is withdrawing money from savings.

1. **Nicholas took his coin can from his drawer and pulled out enough money to buy the yo-yo he wanted.**
2. **Miss Kim puts her extra money in a savings jar so that she will have money later to buy little things she will need.**
3. **Dad puts money in a special savings account so that he can pay to send Penny to college some day.**
4. **Mom took some money out of the family savings account to buy a new washing machine.**
5. **Grandma gave Christopher a dime, and he put it in his piggy bank.**
6. **When Penny has saved enough money she will take it out of her bank account to buy a new bike.**



Answer Key

TEST I:

(Heart Row) – (c) *apple*

(Happy Face Row) – (a) *banana*

(Arrow Row) – (b) *orange*

(Box Row) – (c) *someone buying an item at a store*

(Moon Row) – (a) *someone putting money into a piggy bank*

TEST II:

A. 1. – B (*benefit*)
2. – C (*cost*)
3. – B (*benefit*)
4. – C (*cost*)
5. – B (*benefit*)
6. – C (*cost*)

B. Answers will vary. (You may not want to count this question in the total score.)

C. 1. – W (*withdrawal*)
2. – D (*deposit*)
3. – D (*deposit*)
4. – W (*withdrawal*)
5. – D (*deposit*)
6. – W (*withdrawal*)

TEST I

NAME: ______________________________

Brian was packing his lunch for school, and he wanted to take both a banana and an apple. His mother said that he only had room in the lunch box for one piece of fruit. He decided to pack the apple.

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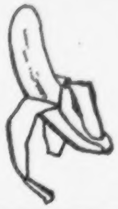
1. Circle the picture that shows Brian's choice.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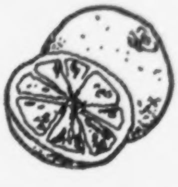
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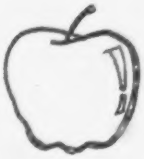
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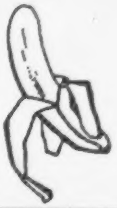
2. Circle the picture that shows Brian's opportunity cost.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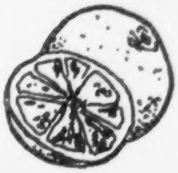
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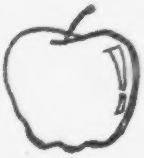
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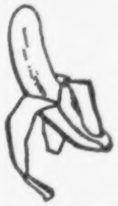
3. Circle the picture that is not one of Brian's alternatives.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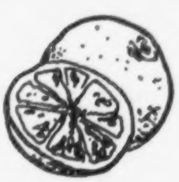
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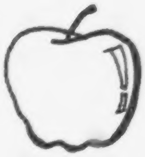
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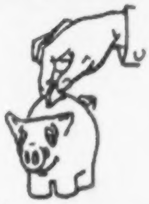
4. Circle the person who is spending money.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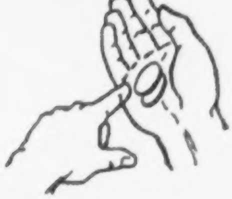
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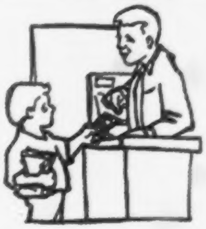
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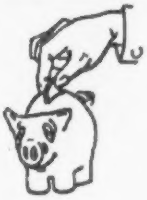
5. Circle the person who is saving money.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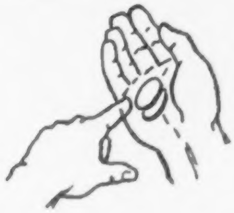
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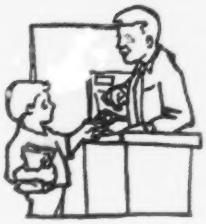

c.

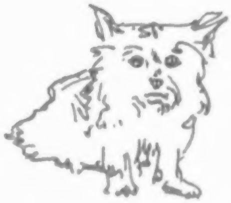
TEST II

NAME: ____________________

A. Pretend that your parents said that you could have a new pet. Listen while your teacher reads some sentences about pets. Write the letters "B" or "C" on the line under each picture below. Write "B" for benefits, and "C" for costs.

1. ________

2. ________



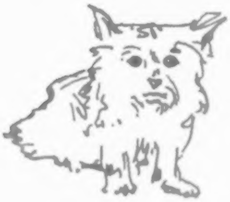
3. ________

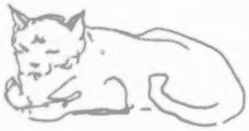
4. ________

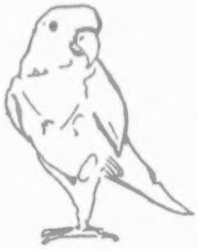
5. ________

6. ________

B. Look at the pets below. Circle the one you would choose, and cross out your opportunity cost.







C. Listen while your teacher reads some sentences about people who are saving money. Put a "D" on the line if someone is depositing money into savings. Put a "W" on the line if someone is withdrawing money from savings.

1. ______

2. ______

3. ______

4. ______

5. ______

6. ______

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THEME 3

LESSON

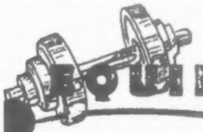
8

SALE
BUY 1 FISH
GET 1 FISH
FREE!

We Are Consumers

Story 8: Nicholas Has Many Wants

Fitness Focus



EQUIPMENT

- ✔ Storybook: *Story 8 - Nicholas Has Many Wants*
- ✔ Activity Sheet 8.1: *Consumer Flags*
- ✔ Activity Sheet 8.2: *T-Shirt Pockets*
- ✔ Activity Sheet 8.3 *Pet Cards*
- ✔ Straws/tongue depressors (one per student)
- ✔ Crayons, glue (or tape), and scissors
- ✔ 3" x 5" index cards or paper cut to this size
- ✔ Butcher paper or construction paper – one large piece per student (approximately 2' square)
- ✔ Old catalogs and/or newspaper flyers
- ✔ A length of rope, yarn, or clothesline
- ✔ Clothespins
- ✔ One large sheet of poster board
- ✔ A wastebasket

LESSON DESCRIPTION

Students discover that they are consumers. As they fill their pockets with pictures of wants, students learn that consumers want both goods and services. As they try to help Nicholas choose a pet, and reflect on his decision, students also learn that making spending decisions is not easy.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People have limited incomes and relatively unlimited wants. As a result, consumers must make spending choices. Consumers need to evaluate the opportunity cost when a spending choice is made. The best consumer choice is the one that provides the most satisfaction for the individual making the choice, and this would not be the same choice for all consumers.

Student Objectives

At the end of this lesson the student will be able to:

- ✔ Distinguish between goods and services.
- ✔ Define consumers as people who buy and/or use goods and services to satisfy wants.
- ✔ Explain that consumers make spending choices.
- ✔ Identify the opportunity cost when spending decisions are made.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Consumers, economic wants, choices, goods, services, opportunity cost

PARENT CONNECTION

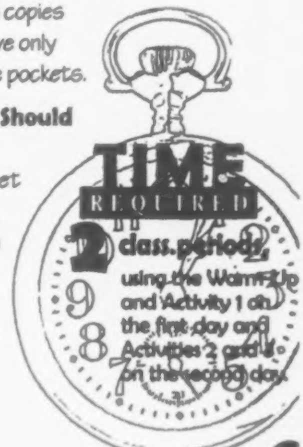
The Parents' Guide to Pocket Power, Theme 3 - *Spending is Serious Business,* contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: Flagging Down Consumers
Duplicate Activity Sheet 8.1: ***Consumer Flags,*** making enough for each student to have only one small "Consumer" rectangle. Cut out the rectangles.

B. FOR ACTIVITY 2: Pocket T-Shirts: We Are Consumers!
Duplicate Activity Sheet 8.2: *T-Shirt Pockets,* making enough copies for each student to have only one pocket. Cut out the pockets.

C. ACTIVITY 3: What Should Nicholas Do?
Duplicate Activity Sheet 8.3: ***Pet Cards,*** making enough copies for each student to have one fish card and one hamster card. Cut out the pet cards.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activities 2 and 3 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 8 - Nicholas Has Many Wants.*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **What are some examples of goods in the story we just read?** *(A candy bar, baseball cards, a hamster, a cage, an exercise ball and goldfish.)*
2. **A consumer is someone who buys or uses goods and services. (You might want to note that consuming something does not necessarily mean eating something.) Who were the consumers in this story?** *(Nicholas was a consumer when he bought the candy bar. Mom was a consumer in the grocery store. As Mom, Dad, Christopher, and Nicholas ate dinner, they consumed the goods Mom purchased at the grocery store. Also Nicholas was planning to become a consumer of a pet.)*
3. **Why was Nicholas sorry he had bought the candy bar?** *(He ate it and now it was gone and so was the money.)*
4. **Why did Dad say Nicholas must make a decision?** *(He had a lot of wants, but not a lot of money.)*
5. **Why did Nicholas want a hamster?** *(His friend Brian had one, and it sounded like fun to own a hamster.)*
6. **Who is Scamper?** *(The hamster that belonged to Nicholas' friend, Brian.)*
7. **Why did Dad suggest that Nicholas and his mother visit a pet store?** *(Dad wanted Nicholas to find out more about hamsters before he made a decision.)*

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8. **What service did Mom provide for Nicholas?** (*She drove him to the pet store.*)

9. **What did Christopher see on the pet store window?** (*A sign advertising a sale on goldfish.*)

10. **What did Mom tell Christopher about the price of goldfish?** (*She said that they were on sale for a special price, and, if you buy one, you get one free.*)

11. **Why did Nicholas decide he might want goldfish?** (*He thought it might be fun to have goldfish, and they might not cost very much on sale.*)

12. **What money choice must Nicholas make?** (*He must decide if he wants to buy a hamster or goldfish.*)

EXERCISE

ACTIVITY 1 — Flagging Down Consumers

1. Explain to the students that each of them is a consumer. Write the word "consumer" on the chalkboard, and explain that a *consumer* is someone who buys or uses a good or a service. Define goods as objects that people can see or touch that satisfy their wants (such as a doll, bicycle, or a video game). Define services as activities done for people to satisfy their wants (such as activities performed by doctors, teachers, and firefighters).

2. To make consumer flags, give each student a small flag rectangle from Activity Sheet 8.1: *Consumer Flags*. Have the students color this "flag" and glue or tape it onto a tongue depressor or straw, which will serve as the flagpole.

3. Remind the students that a *consumer* is someone who either buys or uses a good or a service. Then tell the students to listen as you read the following short "sentence-stories." Ask the students to wave their consumer flags every time they hear about a consumer as you read the sentence story a second time. Ask a flag waver the accompanying questions about the consumer and the good or service for each.

   a. A teacher got paper for school from Mrs. Thompson at the school supply store.
      - **Who was the consumer in this story?** (*The teacher.*)
      - **Did he/she consume a good or a service?** (*A good.*)
      - **What good did the teacher consume?** (*Paper.*)

   b. Marcus bought flowers to give to his mother for her birthday.
      - **Who was the consumer in this story?** (*Marcus.*)
      - **Did he consume a good or a service?** (*A good.*)
      - **What good did he consume?** (*Flowers.*)

   c. Nicholas watched the firemen working to put out the fire at Mrs. Brown's house.
      - **Who was the consumer in this story?** (*Mrs. Brown*)
      - **Did she consume a good or a service?** (*A service.*)
      - **What service did she consume?** (*Putting out the fire.*)

   d. Mr. Lopez watered his grass to help it grow.
      - **Who was the consumer in this story?** (*Mr. Lopez.*)
      - **Did he consume a good or a service?** (*A good.*)
      - **What good did he consume?** (*Water.*)

   e. As Penny rode away on the school bus, she waved to her mom and dad.
      - **Who was the consumer in this story?** (*Penny.*)
      - **Did she consume a good or a service?** (*A service.*)
      - **What service did she consume?** (*Riding the school bus.*)

f. The hamster ate the nutritious food that Nicholas gave him.
  - **Who was the consumer in this story?** (*The hamster.*)
  - **Did it consume a good or a service?** (*A good.*)
  - **What good did it consume?** (*The food.*)

g. Nicholas and Christopher liked to watch when Dad put gas in the car.
  - **Who was the consumer in this story?** (*Dad.*)
  - **Did he consume a good or a service?** (*A good.*)
  - **What good did he consume?** (*Gasoline.*)

4. Invite the students to make up their own "sentence-stories" and present them to the class.

5. Tell the students to take their flags home in their message pockets and to explain to their parents how they used the flag to learn about consumers. Tell them to keep their flags handy to wave whenever they see people being consumers and to make a mark on the back of the flag every time they are consumers.

ACTIVITY 2 — Pocket T-Shirts: We Are Consumers!

1. Remind the students that a consumer is someone who buys or uses a good or a service. Tell them that they are all consumers. They will each make a "consumer t-shirt" and pretend to wear it when buying goods and services.

2. Have the students work in pairs to trace around each other with a crayon on large pieces of butcher paper or construction paper. Explain that they should only trace around the areas of their bodies that would be covered by a t-shirt. When the tracings are complete, have the students cut out and decorate their "t-shirts."

3. Give each student a pocket from Activity Sheet 8.2: *T-Shirt Pockets.* Direct the students to write the phrase "___________ is a consumer" on the pocket, (putting their own names in the blank).

4. Instruct the students to put glue *lightly* on the back of pocket, *only* in the area where the dotted stitching line is, and then glue the pocket onto their t-shirts. Caution the students that too much glue will cause them not to be able to put things in their pockets.

5. Ask how people get the goods and services they want. Explain that people use their limited incomes to buy goods and services they want. Tell the students they will pretend to buy items and put these purchases into their t-shirt pockets.

6. Distribute 3" x 5" index cards and old catalogs and newspaper flyers. Have the students cut out pictures of goods and services they want.

7. Tell the students to glue their chosen pictures onto the index cards and then place them in the pockets of their consumer t-shirts.

8. To create a "Consumer Clothesline" display, stretch a length of rope or yarn across the bulletin board or in the hallway, and attach the t-shirts with clothespins.

ACTIVITY 3 — What Should Nicholas Do?

1. Ask the students why Nicholas must make a decision. (*He has enough money to buy only one pet and its supplies.*) Ask a few students to tell why they think Nicholas should choose either the hamster or the goldfish.

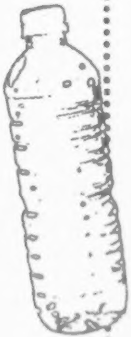
2. Show the students the animal shapes from Activity Sheet 8.3: *Pet Cards*. Give each student a goldfish card and a hamster card. Have the students put their names on either the hamster card or the goldfish card (but not on both) to indicate their choices of a pet for Nicholas. Be sure that they understand that it is OK to choose either animal, and all their decisions will not be the same. Tell the students to keep the choice private, and not allow others to see the animal card on which they have written their names.

3. Using a large sheet of poster board or butcher paper, write the words "Goldfish" and "Hamster" at the bottom to create a pictograph for Nicholas's choice. Place a wastebasket next to the pictograph.

4. Have the students go to the chart to glue their chosen cards onto the pictograph in straight "stacks" above the names of the animals.

5. Remind the students that when they make a choice, the next-best thing they give up is called their *opportunity cost.* Have the students make a statement to identify their choices and their opportunity costs as they glue their cards onto the graph, (for example, "I chose the goldfish, and my opportunity cost is the hamster"). Have the students place the card not chosen (their opportunity cost) in the wastebasket, to emphasize that *opportunity cost* is the alternative given up.

6. Have the students compare the "stacks," and determine which pet was the most popular one with the class. Call on the students to write comparison statements (such as "7 fish cards < 11 hamster cards"). Ask the students:
   - Which pet was the most popular on our graph? (*Answers will vary.*)
   - Which choice was the better for Nicholas? (*The better consumer choice for Nicholas would be the one that would satisfy his wants better—and we do not yet know which that will be.*)



COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What do you call a person who buys or uses goods or services?** (*A consumer.*)

2. **Give an example of a good you have consumed.** (*Answers will vary, but they may include such items as food, a pencil, or a book.*)

3. **Give an example of a time when you were a consumer of a service.** (*Answers will vary, but they may include such things as visiting a doctor, riding the school bus, or being taught by the teacher in school.*)

4. **Why do we have to make spending choices?** (*Most of the time we have more wants than we have money to spend to satisfy those wants, so we must often make choices.*)

5. **When you have to make a spending choice between two items, what do you call the one you gave up?** (*Your opportunity cost.*)

6. **If Nicholas decided to buy the hamster, what would his opportunity cost be?** (*The goldfish.*)

7. **If Nicholas decided to buy the goldfish, what would his opportunity cost be?** (*The hamster.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students the following song. Select a student to be the consumer for each verse and have that student choose the item to be purchased.

Shop! Goes the Consumer

(Tune: *Pop Goes the Weasel*)

Consumers want a lot of goods.
Consumers want to use them.
(Cathy) wants to buy a _(book)_.
Shop!—goes the consumer.

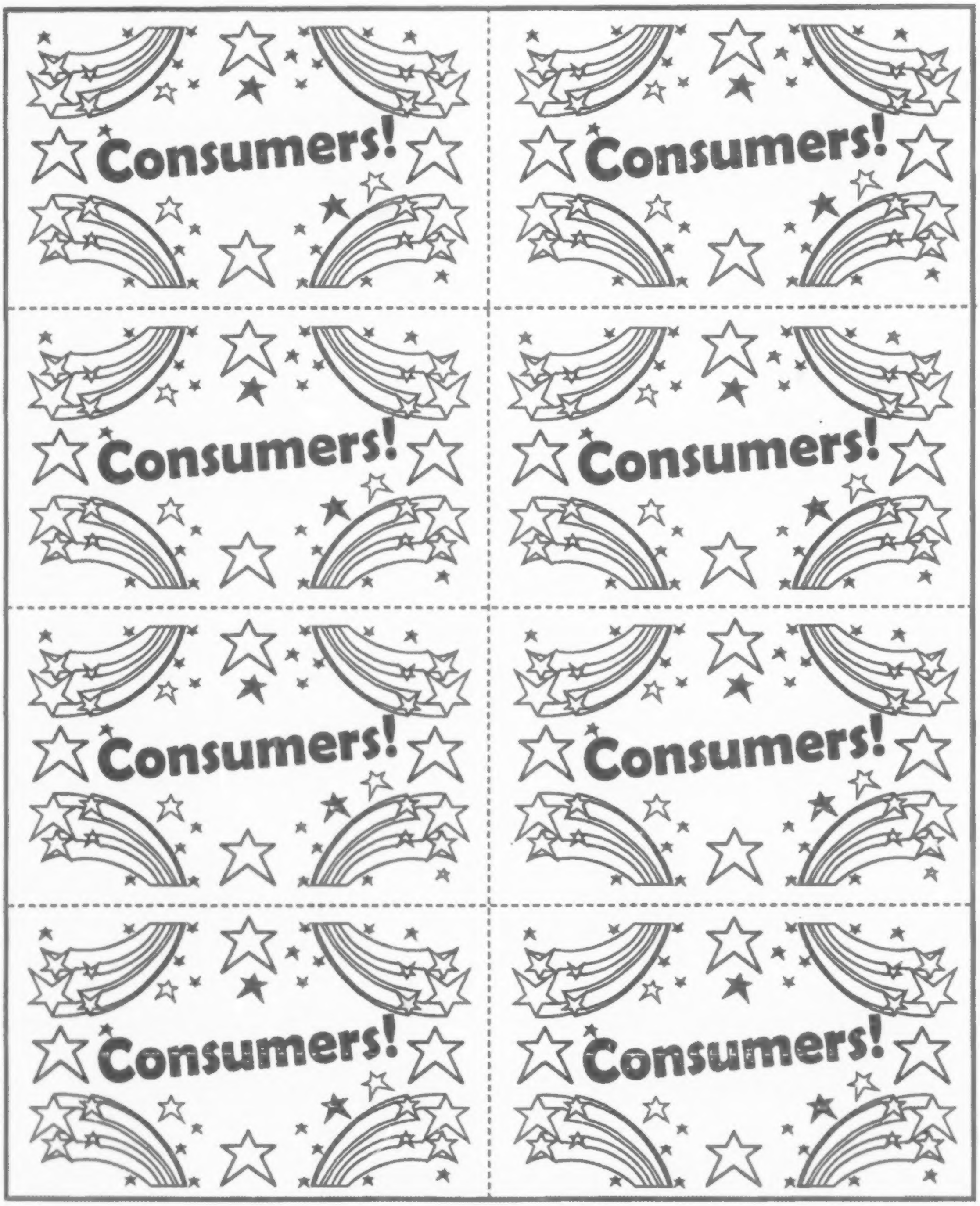
Consumers want some services.
Consumers want to use them.
(Bobby) wants _(to get his bike fixed)_.
Shop! —goes the consumer.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

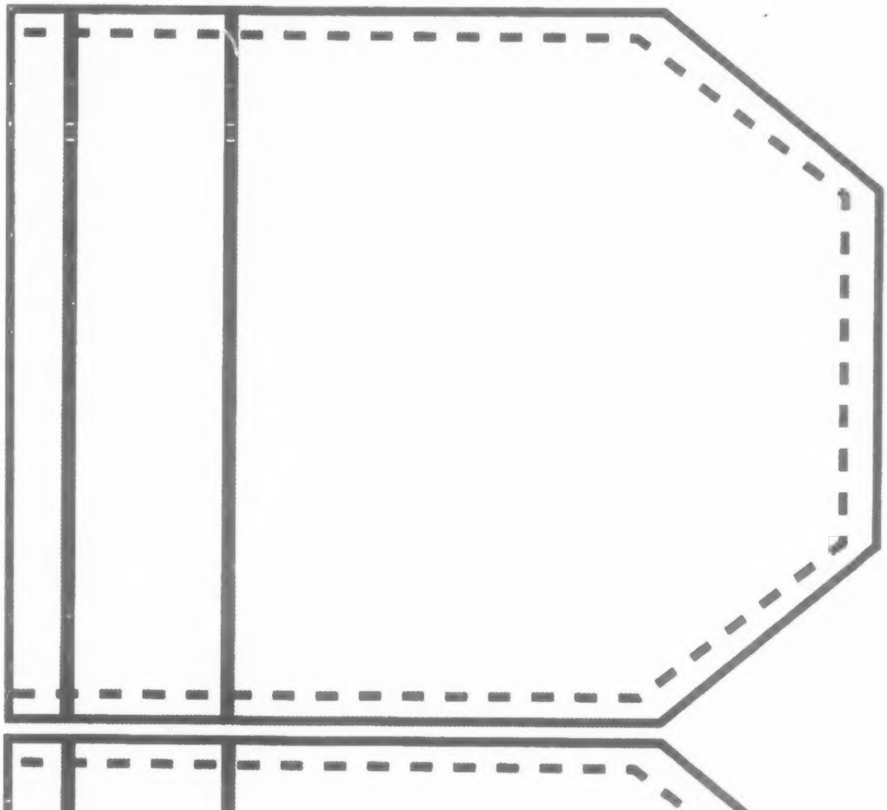
ACTIVITY SHEET 8.1

Consumer Flags


Consumers!
Consumers!
Consumers!
Consumers!
Consumers!
Consumers!
Consumers!
Consumers!

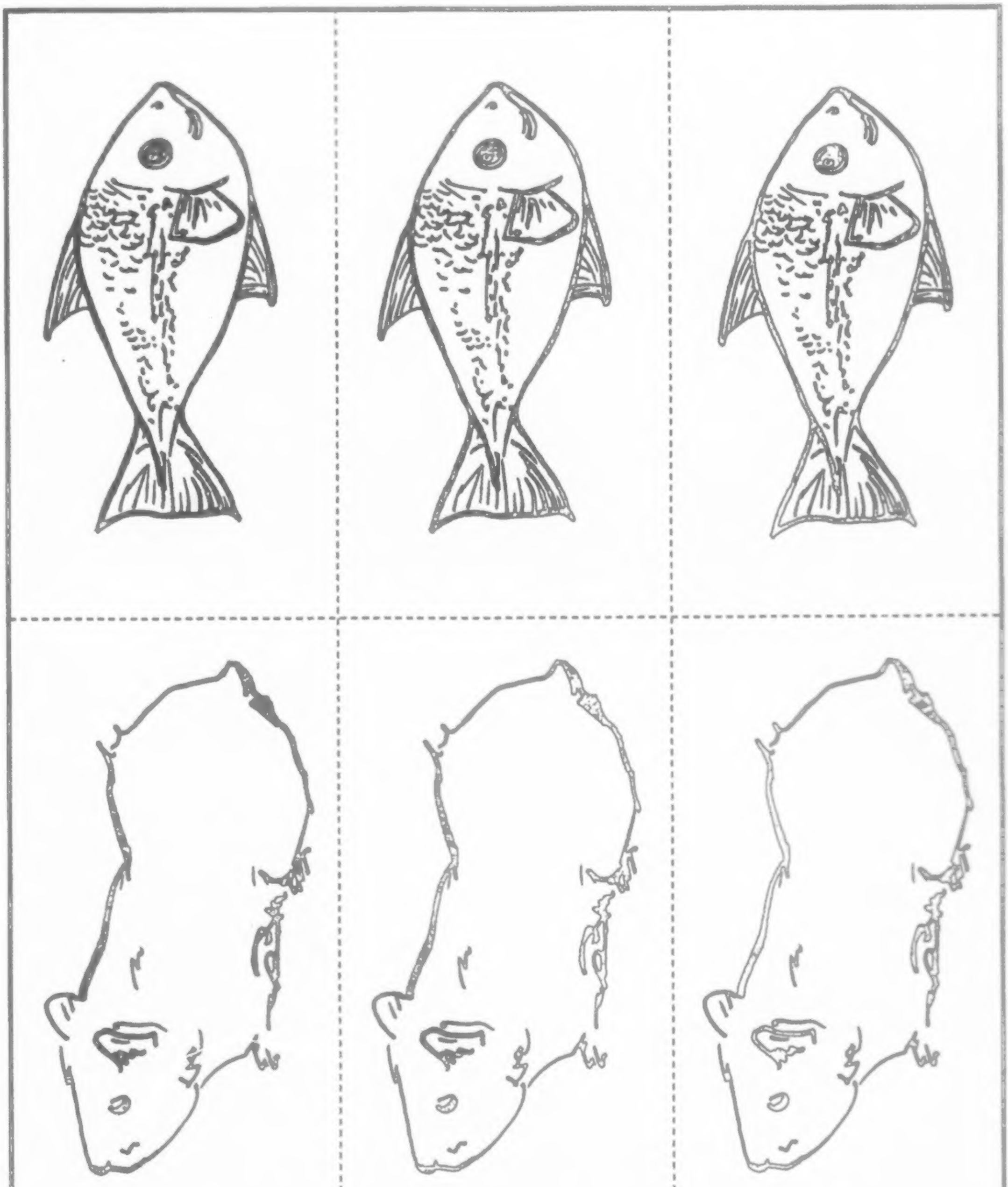
ACTIVITY SHEET 8.2

T-Shirt Pockets



ACTIVITY SHEET 8.3

Pet Cards



LESSON 9

We Decide to Spend

Story 9: Nicholas Decides to Spend

Fitness Focus

EQUIPMENT

- ✔ Storybook: *Story 9 - Nicholas Decides to Spend*
- ✔ Activity Sheet 9.1: *A Hamster's Wants Web*
- ✔ Activity Sheet 9.2: *A Carnival Shopper*
- ✔ Activity Sheet 9.3: *Carnival Dimes*
- ✔ Glue, and scissors for each student
- ✔ Crayons and one sheet of drawing paper for each student

LESSON DESCRIPTION

Students create want webs for a hamster and then for themselves. They experience spending money in exchange for goods and services when they use dimes to become consumers at a school carnival.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People have unlimited wants, and they try to satisfy as many of those wants as they can when they spend. People spend their money to buy goods and services. Prices of those goods and services affect the choices people make. Generally, when people plan what to buy before spending, they make better choices and are more satisfied with their decisions.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Demonstrate that spending is exchanging money for the goods and services people want to consume.
- ✔ Recognize price as the amount people pay when they buy a good or service.
- ✔ Explain how planning helps people make informed decisions when spending money.
- ✔ Experience spending decisions.
- ✔ Recognize the opportunity costs of spending decisions.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Consumers, wants, goods, services, choices, opportunity cost, money, spending, price

PARENT CONNECTION

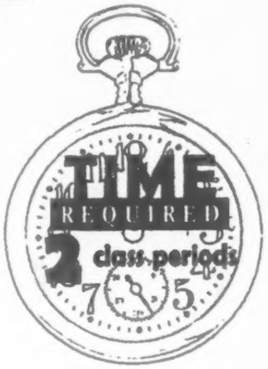
The Parents' Guide to Pocket Power, Theme 3 - *Spending is Serious Business*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1:
Satisfying a Hamster's Wants
Make a Transparency of Activity Sheet 9.1:
A Hamster's Wants Web.

B. FOR ACTIVITY 2: Consumers at the Carnival

- Duplicate Activity Sheet 9.2: **A Carnival Shopper,** making enough copies for each student to have one.
- Duplicate Activity Sheet 9.3: ***Carnival Dimes,*** making enough copies for each student to have two dime strips. Cut on the dotted lines to make strips of ten dimes.



Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 9 - Nicholas Decides to Spend.*

B. As a follow-up to the story, ask the following questions:

1. **Where were Nicholas, Christopher, and Mom shopping?** (*At the pet store.*)
2. **What kind of pets did they see at the store?** (*Birds, fish, snakes, rabbits and hamsters.*)
3. **What kind of animal did Nicholas like at the pet store?** (*A hamster.*)
4. **What goods did the clerk say Nicholas would need to care for a hamster?** (*A cage, a water bottle, hamster food, and bedding.*)
5. **How much would it cost to buy the hamster and all the supplies it would need?** (*$37*)
6. **How much money did Nicholas have to spend?** (*$25*)
7. **How did Nicholas solve the problem of not having enough money?** (*He decided to buy a used cage.*)
8. **What are some of the extra things Nicholas wanted for his hamster?** (*Hamster toys and treats.*)
9. **What did Dad say would be more important than buying toys and treats?** (*Buying more food and bedding each month.*)
10. **What are some things Nicholas will not be able to buy because he decided to buy the hamster?** (*Accept a variety of answers, but the students might remember in the last story that Nicholas wanted a goldfish and baseball cards, he wanted to go the school carnival, and he wanted to see a movie.*)

EXERCISE

ACTIVITY 1 — Satisfying a Hamster's Wants

1. Show the class the transparency of Activity Sheet 9.1: *A Hamster's Wants Web*. Explain that they will now design a web around a hamster to show things it wants.

2. Review the definition of goods (objects that people can see or touch that satisfy their wants). Ask the students to recall the story and identify goods a hamster owner might want to purchase to care for this pet. (*Answers may vary, but they should include a cage, a water bottle, hamster food, bedding, and hamster toys and treats.*)

3. Review the definition of services (activities that people do for other people to satisfy their wants). Ask the students to think about services that a hamster owner might want to provide for this pet. (*Answers may vary, but may include cleaning the cage and feeding, petting, and playing with the hamster.*)

4. As the students brainstorm this list for the hamster, record their suggestions (with words and/or pictures) on the transparency, around the picture of the hamster.

5. As each student suggests a good or service, have that student come to the overhead projector and draw a line to connect the item to the hamster in the center.

6. Discuss with the students how the various needs of pets cause expenses for the owner. Explain that most of the hamster's wants have a *price*, which is the amount of money that the consumer has to pay to get the good or service. Tell students that planning for such purchases is helpful to the owner when making spending decisions.

7. Remind the students that a *consumer* is someone who buys or uses goods and services such as those on the list. In this case, the hamster's owner is the consumer who *buys* the goods and services and the hamster is the consumer who *uses* the goods and services.

8. Give each student a piece of drawing paper. Direct the students to make a Wants Web for themselves. Tell them to:
   - draw a picture of themselves in the middle of the page.
   - write words (and/or draw pictures) to describe their own wants for both goods and services.
   - connect the wants to the drawing in the center.
   - think about the price for all these goods and services that they or their parents must pay if they are to satisfy their wants.

9. Have the students take their drawings home in their message pockets to share with their families.

ACTIVITY 2 — Consumers at the Carnival

1. Prompt the students to recall that Nicholas had many wants, and he had to make a choice about how to spend his money. He chose to buy the hamster. Tell the students to recall from the story that one of the things Nicholas wanted, but did not choose, was going to the school carnival. Ask the students if they have ever been to a school carnival. Discuss the types of activities that go on at a carnival and the different ways a student could spend money there.

2. Tell the students they will now pretend to be consumers at a school carnival, but they only have $2.00 each to spend.

3. Distribute copies of Activity Sheet 9.2: *A Carnival Shopper*, and go over the activities and prices with the students. Discuss which items have higher prices and which have lower prices. Explain that students will each receive their $2.00 in dimes, and will be able to choose how to spend them at the carnival.

4. Give each student 2 strips of play dimes from Activity Sheet 9.3: *Carnival Dimes.* Have the students count the dimes (by tens) to be sure there is a dollar's worth of dimes on each strip. Have them cut out their dimes. **Optional:** For older, more advanced students use higher prices, and a variety of coins, to match the money-counting abilities of the students.

5. Tell the students to decide which item is their first choice. Then they should count out enough dimes to cover the price of that item and lay them in the box next to that item.

6. Ask the students if they will have enough money left to spend on something else. (*Yes, they will.*) Have them decide on another choice, and count out enough dimes to cover the price of the item, and lay the dimes in the box next to the item.

7. Discuss how choosing items with lower prices will allow the students to buy even more than two or three items. Allow the students to rearrange the money until they make their final choices, buying as many items as possible. Explain that this problem with prices happens with many things adults buy. They often choose to buy lower-priced items, so they will have money left over for other things.

8. Next, have the students glue down the dimes in the boxes next to their choices. Have them glue any unspent dimes on the back of the page.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What do you call the amount of money people pay when they buy a good or a service?** (*The price.*)

2. **What do you call a person who buys and/or uses goods and services to satisfy his or her wants?** (*A consumer.*)

3. **Why might Nicholas have to buy other things when he bought the hamster?** (*He would need other goods to take care of the hamster.*)

4. **What other goods did Nicholas have to buy?** (*A cage, a water bottle, hamster food and bedding for the cage.*)

5. **Why did Nicholas's Dad want him to visit the pet store before he made his decision?** (*Dad wanted Nicholas to know all of the expenses of owning a pet—both the expected and unexpected expenses.*)

6. **When we make a choice, we have to give up something. What do we call the alternative that we give up?** (*The opportunity cost.*)

HAMSTER
PET SALE

BEST COPY AVAILABLE

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Art Connection:

Distribute art paper and crayons, and tell the students to design a cage for Nicholas's hamster. Tell them to show the feeding dish and the water bottle since all hamsters must have these goods. Then they can also design a play area with the extra toys, treats, and other goods a hamster might like to have.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

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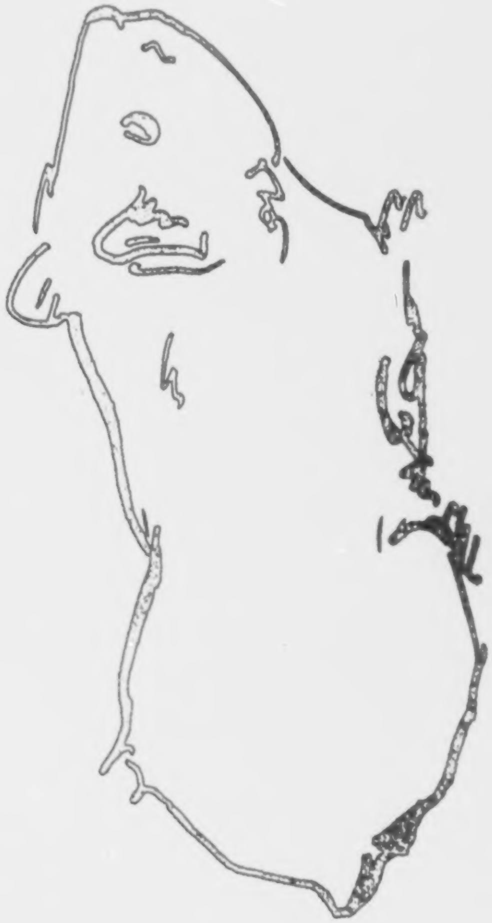
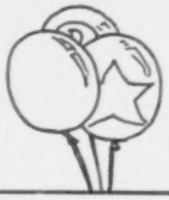
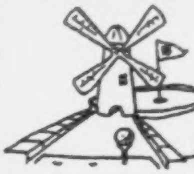
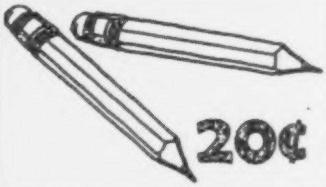
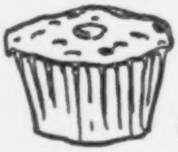
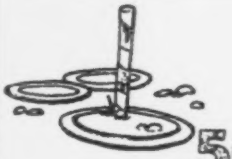
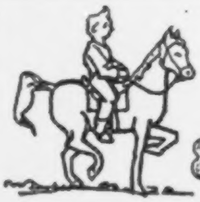
ACTIVITY SHEET 9.1

A Hamster's Wants Web



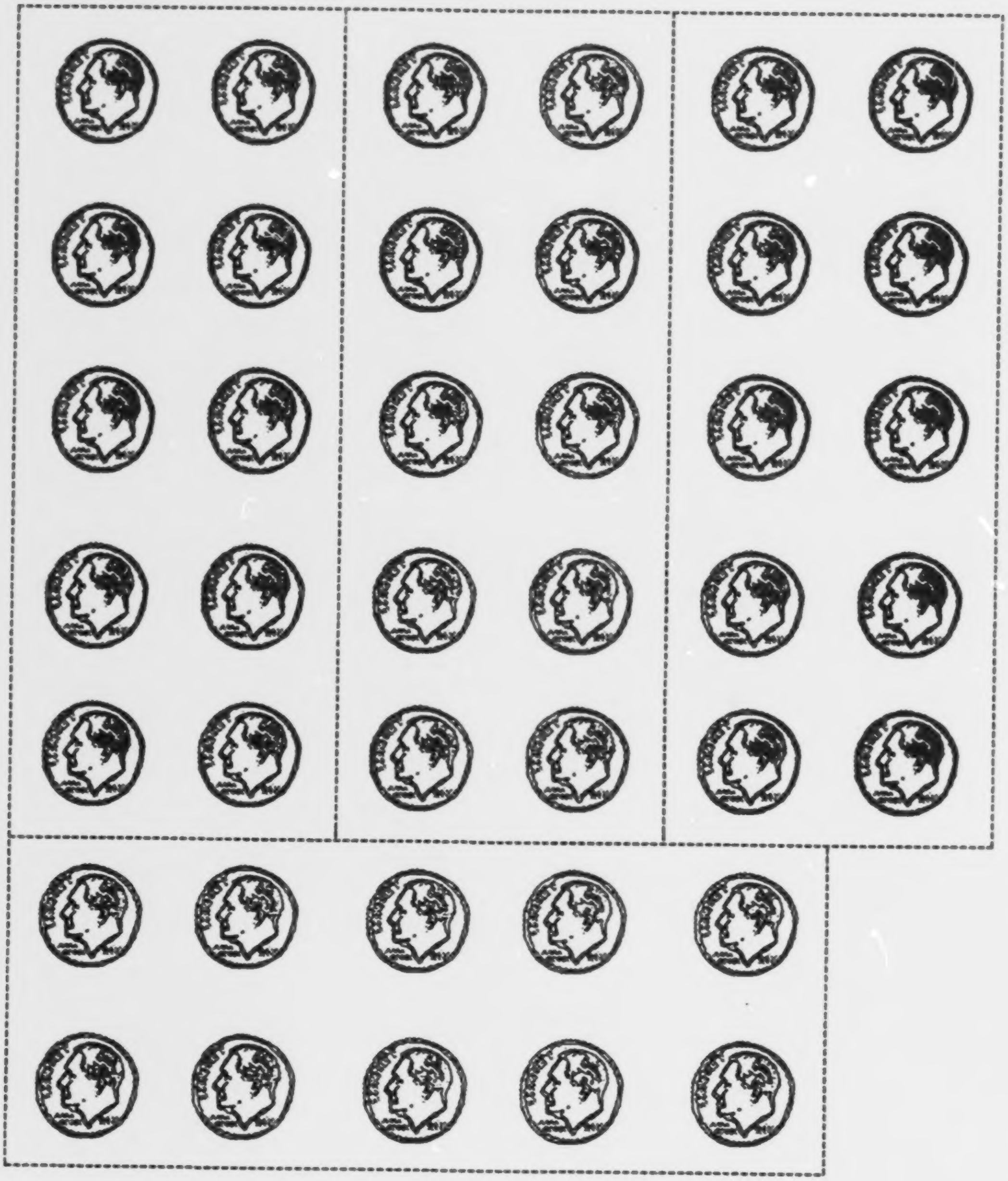
ACTIVITY SHEET 9.2

A Carnival Shopper

 60¢	
 90¢	
 20¢	
 40¢	
 50¢	
 80¢	

ACTIVITY SHEET 9.3

Carnival Dimes



LESSON

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We Plan for Spending

Story 10: The Shopping Trip

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 10 - The Shopping Trip***
- ✔ Activity Sheet 10.1: ***Traffic Light***
- ✔ Crayons (red, yellow, green, and black)
- ✔ Scissors

LESSON DESCRIPTION

Students construct traffic lights and use them in evaluating consumer decisions as planned or unplanned spending. Students discuss the costs and benefits of each decision.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

Consumers spend their limited incomes to satisfy their wants. They make spending decisions that can be planned or unplanned. Planned spending can involve consideration of alternatives and opportunity cost; this can be time consuming, but it often yields important benefits. Unplanned spending or impulse buying does not involve time-consuming planning, but it does involve opportunity cost, and there are unplanned consequences. People generally plan for spending because it usually provides for greater satisfaction of their wants.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Distinguish between planned and unplanned spending.
- ✔ Identify costs and benefits of a spending decision—planned or unplanned.
- ✔ Understand that planned spending often leads to more satisfying choices.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Planned spending, unplanned spending, alternatives, choices, benefits, costs

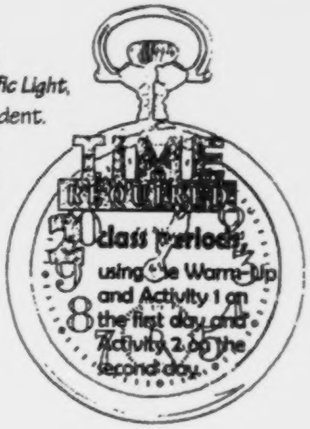
PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 3 - *Spending is Serious Business*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1:
A Traffic Light

On card stock, duplicate Activity Sheet 10.1: Traffic Light, making one copy per student. Use a utility knife to cut the slits for the tabs on each traffic light before distributing them to the students.


TIME
REQUIRED:
class periods
using the Warm-Up and Activity 1 on the first day and Activity 2 on the second day.

Workout

🚻 **This symbol indicates that the lesson activity is suitable for all students in grades K-2.**

🚻 **This symbol indicates that the lesson activity may be challenging for some students in grades K-2.**

WARM-UP

A. Using the storybook, read to the students *Story 10 - The Shopping Trip.*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **What items were on Mom's shopping list?** *(A book for Ms. Kim, plant food, and paper towels.)*
2. **What did Penny add to the shopping list?** *(A notebook for school.)*
3. **Why were Mom and Penny going to buy Ms. Kim a book?** *(They were going to give it to her for her birthday.)*
4. **What did Penny buy that she had not planned to buy?** *(A book about dogs and the Wickey Woks.)*
5. **What did Mom buy that she had not planned to buy?** *(A picture frame for Ms. Kim.)*
6. **Why did Penny make the unplanned purchase of the dog book?** *(She wanted to start a pet-care business and the book would help her.)*
7. **Why did Mom make her unplanned purchase?** *(She saw the picture frame and thought Ms. Kim would like it for her birthday.)*
8. **What did Penny have to give up when she made her unplanned purchases?** *(She gave up a new notebook.)*
9. **What did Mom give up when she made her unplanned purchase of the picture frame?** *(Mom gave up buying something with the money she used to buy the picture frame. The story did not tell us what that was.)*

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DOGS
DOGS
DOG CARE
BO
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PARAKEETS

EXERCISE

ACTIVITY 1 — A Traffic Light

1. Give each student a copy of Activity Sheet 10.1: *Traffic Light*. Tell the students to cut out the traffic light, fold on the vertical dashed lines, and open up flat. Explain that the tabbed side will become three doors. Have the students cut the double lines, to separate the tabbed side into three doors. (The slits for the tabs should have already been cut in advance by the teacher as described in the *Getting Ready!* section of this lesson.) **Optional:** For younger students, cut out the traffic light for them ahead of time.

2. Write the color words *red, yellow,* and *green,* one under another in a column on the chalkboard and help the students recall these words. Instruct students to color the top light red, and discuss the meaning of a red light. Do the same with the yellow and green lights.

3. Discuss how people plan their spending decisions. Write the words *Planned* and *Unplanned* on the chalkboard, calling attention to the beginning letters "P" and "U" and their beginning sounds.

4. Explain to the students that when people plan their spending decisions well, they are ready to GO ahead with their purchases. Point to the green light that stands for "go." Have the students use a black crayon to draw the capital letter "P" for "Planned" in the middle of the green light.

5. Explain to the students that when people do *not* plan their spending decisions, they need to STOP and think before making their purchases. Point to the red light that stands for "stop." Have the students use a black crayon to draw the capital letter "U" for "Unplanned" in the middle of the red light. (Tell the students that they will not use the yellow light during this activity.)

6. Review the costs (bad things) and *benefits* (good things) of decisions, and the *opportunity cost* (the best alternative given up) involved. Explain that an unplanned spending decision may or may not be a good decision. But to avoid the consequences that can come from a poor decision, they should stop and think about costs and benefits, and about the opportunity cost, before making the unplanned decision and completing the purchase.

7. Have the students fold the doors on the traffic light, covering the lights, and latch them into place by putting the tab into the slit. Let them practice opening the green light for planned decisions, and the red light for unplanned decisions, so that they will be ready to use their traffic lights for the following activity.

ACTIVITY 2 — Stop and Go Spending Decisions

1. Read the mini-stories below, and have the students open one door on their traffic lights to indicate a planned spending decision or an unplanned one. Then ask the questions below about the scenario. After each mini-story, ask the students if they think the spending decision was a good one. Remind them that a good consumer choice is the one that best satisfies the wants of the individual making the choice.

   a. Dad had a grocery list in his hand. He went to the grocery store and bought the foods written on the list.

   - **Use your traffic lights to show whether this was planned or unplanned spending.** (*Green light—planned spending.*)
   - **What makes you think Dad had planned what to buy?** (*He had a list and bought items that were on the list.*)
   - **Name a benefit of this planned spending.** (*The family would have the foods they wanted to eat.*)
   - **Name a cost of this planned spending.** (*The family would not have some other treats on which Dad could have spent the money.*)

b. Melody had been saving her money for a month to buy a school sweatshirt. She had saved almost enough, when she got thirsty one afternoon and decided to spend $4.00 at the store, to buy sodas for herself and her friends.

- **Use your traffic lights to show whether this was planned or unplanned spending.** (*Red light—unplanned spending.*)
- **What makes you think Melody had not planned to spend money on the sodas?** (*She had been saving for a school sweatshirt.*)
- **Name a benefit of this unplanned spending.** (*She and her friends satisfied their thirst.*)
- **Name a cost of this unplanned spending.** (*She must wait longer to buy the sweatshirt.*)

c. Brittany's parents took her to the amusement park as they promised they would.

- **Use your traffic lights to show whether this was planned or unplanned spending.** (*Green light—planned spending.*)
- **What makes you think Brittany's parents had planned to spend money this way?** (*They had promised Brittany they would go.*)
- **Name a benefit of this planned spending.** (*Brittany and her parents were able to enjoy the park together.*)
- **Name a cost of this planned spending.** (*Brittany's parents would not be able to spend the same time and money doing something else.*)

d. David's parents bought him pencils, notebooks and crayons so he would be ready when school started.

- **Use your traffic lights to show whether this was planned or unplanned spending.** (*Green light—planned spending.*)
- **What makes you think David's parents had planned to spend money this way?** (*They knew that school was starting and they wanted David to be ready.*)
- **Name a benefit of this planned spending.** (*David would be ready when school started.*)
- **Name a cost of this planned spending.** (*His parents would not be able to spend this money on other new things for him.*)

e. Mom had been planning to make Penny's favorite chicken dinner, but she was running short of time, so she stopped at the Pizza Palace to grab something quick for dinner.

- **Use your traffic lights to show whether this was planned or unplanned spending.** (*Red light—unplanned spending.*)
- **What makes you think Mom had not planned to spend the money on pizza?** (*She had planned to fix Penny's favorite chicken dinner.*)
- **Name a benefit of this unplanned spending.** (*She could have dinner ready on time.*)
- **Name a cost of this unplanned spending**. (*Penny would not have her favorite chicken dinner.*)

f. Karen knew that her mom loves butterflies, so she carefully took a dollar from her savings bank before she went to the store, to buy a butterfly refrigerator magnet for her mom's birthday.

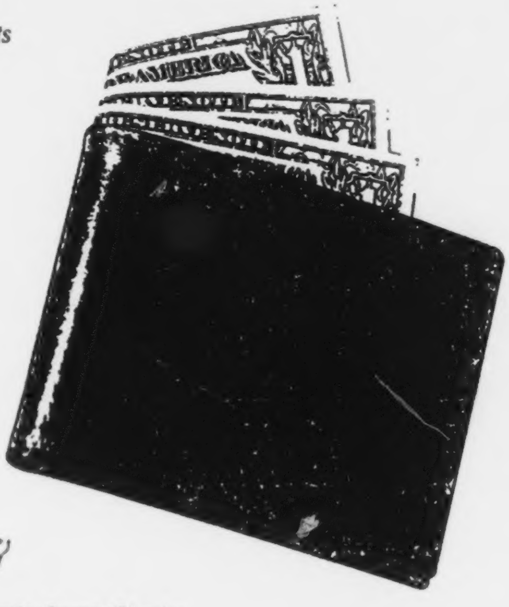
- **Use your traffic lights to show whether this was planned or unplanned spending.** (*Green light—planned spending.*)
- **What makes you think Karen had planned to spend money this way?** (*She took the money out of her bank for the purpose of buying her mom a present.*)
- **Name a benefit of this planned spending.** (*She was able to get a present that her mom would enjoy.*)
- **Name a cost of this planned spending.** (*She would not be able to buy something for herself with the money.*)

2. Be sure the students understand that both planned and unplanned spending have costs and benefits. Many times, the costs for unplanned spending are greater than people think they will be at the time of the decision. Unplanned spending leaves little time to think about the costs, thus it is important to do as much planned spending as possible.
3. Have the students make up their own mini-stories, and present them to the class. Let the rest of the class use their traffic lights to decide whether the spending described in the stories is planned or unplanned.
4. Direct the students to take their traffic lights home, and to explain to their parents how they can use the traffic light, and when they and their families act as consumers, to decide whether a spending decision is well planned.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What do we call the good points about something when we are trying to make a choice?** (*The benefits.*)
2. **What do we call the bad points about something when we are trying to make a choice?** (*The costs.*)
3. **What is the difference between planned spending and unplanned spending?** (*With planned spending the consumer takes the time to think about the costs and benefits of the spending decision before making the purchase. With unplanned spending, the consumer has little time to think about all of the costs.*)
4. **Why is planned spending often better than unplanned spending?** (*Because the consumer has had time to think about the costs and benefits of the spending decision.*)
5. **Are planned purchases always good ones? Why or why not?** (*Generally, planned purchases are good ones, but not always. Sometimes we do not estimate the actual costs and benefits realistically before making a choice. We are disappointed with some of our planned purchases after we see the costs and benefits of that choice.*)
6. **Why should consumers plan their spending decisions?** (*If consumers plan spending, they usually consider their spending possibilities, which often leads to more satisfying choices.*)
7. **How could an unplanned purchase ever become a good spending decision?** (*Sometimes an unplanned purchase can be a good consumer choice because it presents a new spending opportunity that may satisfy the wants of the individual better than the planned purchase did.*)

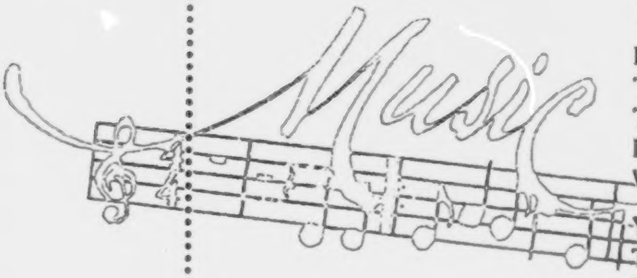


Crosstraining

Crosstraining can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students the following song, reviewing with them the concepts of benefits and costs.



Benefits and Costs

(Tune: *The Muffin Man*)

Do you know the benefits?
The benefits,
The benefits,
Do you know the benefits?
When choosing what to buy.

Yes, I know the benefits.
The benefits,
The benefits,
Yes, I know the benefits.
When choosing what to buy.

Do you know the costs of it?
The costs of it,
The costs of it,
Do you know the costs of it?
When choosing what to buy.

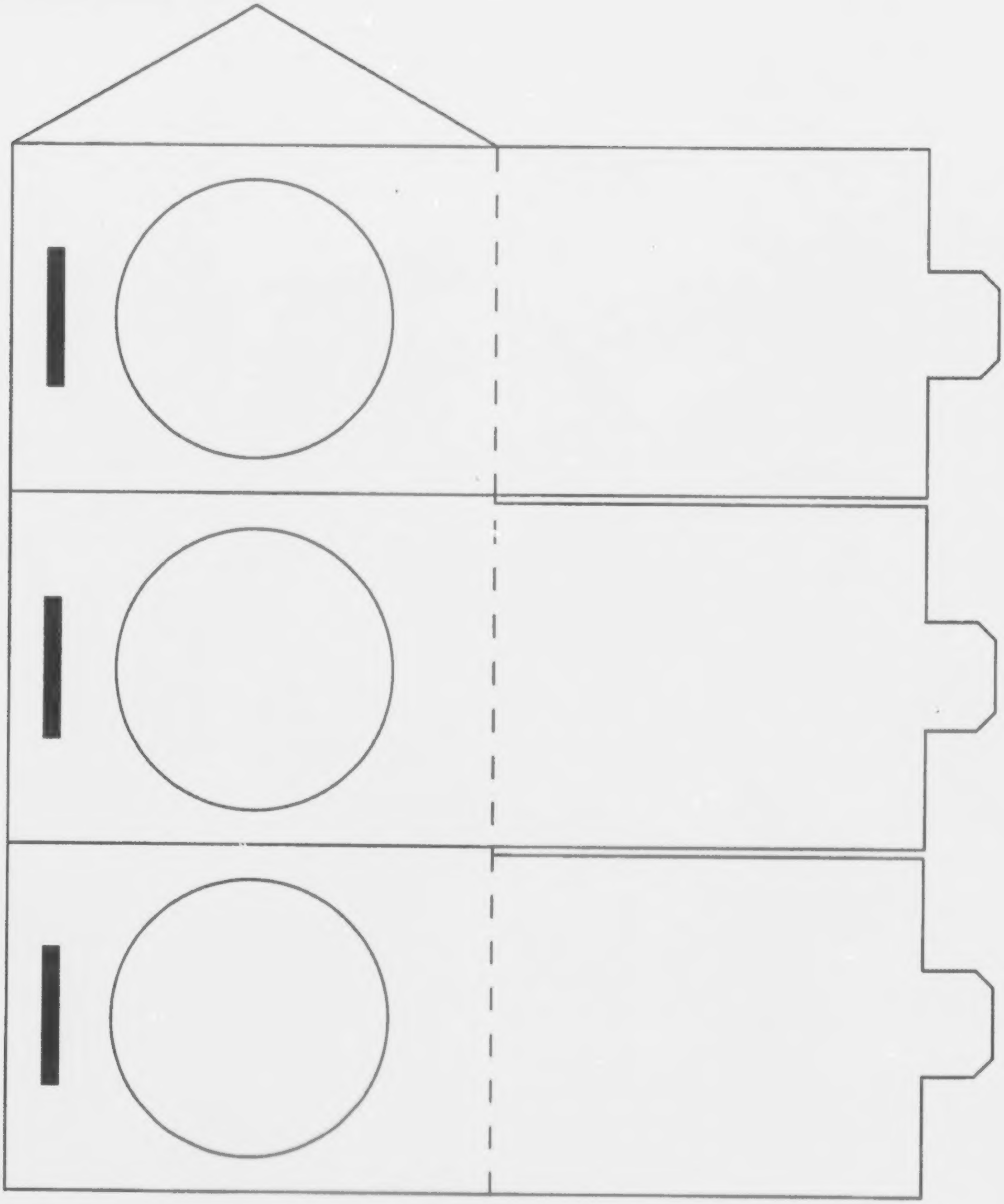
Yes, I know the costs of it.
The costs of it,
The costs of it,
Yes, I know the costs of it.
When choosing what to buy.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

ACTIVITY SHEET 10.1

Traffic Light



109

LESSON 11

Ads Make Us Spend

Lesson 11: The Ad Made Me Do It

Fitness Focus

EQUIPMENT

- ✔ Storybook: *Story 11 - The Ad Made Me Do It*
- ✔ Activity Sheet 11.1: *TV Homework*
- ✔ Activity Sheet 11.2: *Making Consumers Want to Buy*
- ✔ Activity Sheet 11.3: *Consumer Quarters*
- ✔ An assortment of print ads
- ✔ One sheet of drawing paper per student
- ✔ Crayons

LESSON DESCRIPTION

Students examine various forms of advertising and discover why companies advertise their products. They watch television commercials to answer questions about products advertised and consumer wants. They create their own commercials and present them to the class.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

Student Objectives

At the end of this lesson, the student will be able to:

- ✓ Explain how advertising can affect spending decisions.
- ✓ Compare the benefits and the costs involved in making spending decisions based on advertisements.

BACKGROUND

Because of the conflict between limited income and unlimited wants, it is helpful if people learn to become wise consumers. Consumers must make choices when they spend money for goods and services they want. People's spending decisions are influenced by many factors, such as

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friends, family, income, price, and advertising. Consumers use advertising to acquire information about products. Advertising can have a big effect on spending decisions because it has great power to influence people's wants. Producers use it to increase the demand for their products. Consumers should weigh the benefits and costs of spending decisions before making purchases.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Advertising, benefits, costs, choice, consumers, spending, wants

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 3 - *Spending is Serious Business*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

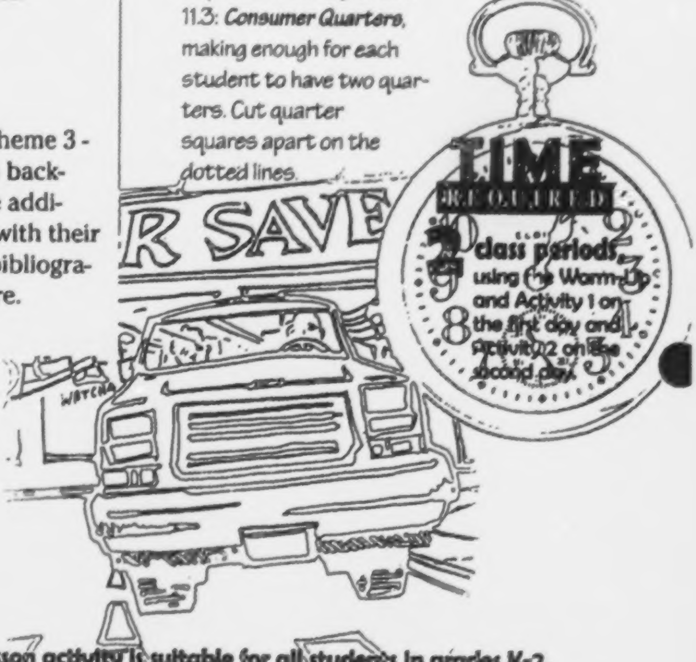
GETTING READY!

A. FOR ACTIVITY 1: Checking Out Ads

- Collect an assortment of print ads to use in the discussion for this activity and the next.
- Duplicate Activity Sheet 11.1: *TV Homework*, making enough for each student to have one card.

B. FOR ACTIVITY 2: A Commercial for Wickey Woks

- Make a transparency of Activity Sheet 11.2: *Making Consumers Want to Buy*.
- Duplicate Activity Sheet 11.3: *Consumer Quarters*, making enough for each student to have two quarters. Cut quarter squares apart on the dotted lines.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activity 2 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 11 – The Ad Made Me Do It.*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **Where had Dad, Nicholas and Christopher been shopping?** (*At the grocery store.*)
2. **Why did Dad and Mom change from Swishy Wash to Sudsy Suds?** (*They saw a commercial for Sudsy Suds on television, and the store had a special introductory price, so they tried it and liked the way it cleaned the family clothes.*)
3. **What food jingle did Nicholas start humming?** (*Pizza Palace.*)

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4. **Why do you think Dad told Christopher he was watching too much television?** (*Christopher knew the words to many commercials.*)

5. **Whose turn was it to choose a place to eat lunch?** (*It was Nicholas's turn.*)

6. **Nicholas was trying to decide between two restaurants. What were the names?** (*Burger Hut and Taco Casa.*)

7. **Which restaurant did Nicholas choose?** (*Burger Hut.*)

8. **Why was Dad surprised by Nicholas's choice?** (*Tacos are Nicholas's favorite food, especially Taco Casa tacos.*)

9. **After Dad and the boys went to Burger Hut and got their food, why was Nicholas unhappy with his choice?** (*He did not like the hamburger very much, and he remembered how much he liked tacos.*)

10. **Why had Nicholas chosen Burger Hut?** (*He had seen a commercial on television showing the box with the puzzles and riddles and the toy that came with the meal.*)

11. **Why do you think Nicholas might make a different choice when it is his turn to choose again?** (*He will probably remember how much he likes tacos and how he was not happy when he chose Burger Hut.*)

C. Tell the students that they should be careful to examine some important benefits (good things) and costs (bad things) when buying advertised items. Ask them:

1. **What was the benefit of the spending decision Dad made when he watched a commercial on TV?** (*The commercial told him about the new product called Sudsy Suds. So he made a spending decision to buy it and try it out and found he liked it better.*)

2. **What was the cost of the spending decision Nicholas made when he watched a commercial on TV?** (*The commercial told him about the Lunch Bunch Meal at Burger Hut, with a great new toy and puzzles on the box. So he made a spending decision to buy it and try it out and found he did not like the taste of the burger.*)

3. **Do advertised products always satisfy your wants? Why?** (*Answers will vary, but the students should agree that products do not always satisfy their wants. Sometimes advertisements provide useful information that helps in making decisions that will satisfy wants. Sometimes advertisements exaggerate the benefits, and wants are not satisfied as anticipated.*)

EXERCISE

ACTIVITY 1 — Checking Out Ads

1. Point out that people sometimes help us make our spending decisions. Ask the students to think of people who have helped them make spending decisions. (*Answers will vary, but they will probably include their parents and/or their friends.*) Explain that sometimes other people, who make the products we buy, try to help us make spending decisions, too.

2. Have the students tell why they think people advertise. Guide answers to include how advertising helps the producer sell the product and earn more income, and how advertising provides information to consumers about what products are available, and about the prices and characteristics of the product being advertised.

3. Ask the students where they might see ads. Give hints as necessary. (*Answers will vary, but they should include television and radio commercials, billboards, newspapers, magazines, Internet, and flyers.*) List the student answers on the chalkboard.

4. Show the students a variety of ads from magazines, newspapers, direct mailings, and possibly photos of billboards. Explain that these are all forms of advertising. Talk about the many ways in which advertisers reach us, helping the students recognize that advertising is everywhere. Explain that advertising may increase our wants for the goods and services offered.

5. Invite the students to discuss ads they have seen. Ask them where they see the most ads. (*Most of the advertising that young children see come in the form of television commercials, but they will probably be aware of other types of ads.*)

6. Ask if some students have purchased a product they saw in an ad. Ask if the product performed as advertised. For example, did those athletic shoes really make you run faster? (*Answers will vary.*) Explain that advertising sometimes exaggerates the benefits of the product advertised and sometimes causes people to make unplanned spending decisions.

7. Distribute cards made from Activity Sheet 11.1: *TV Homework*, giving one to each student. Tell the students they have a "homework" assignment to watch television commercials, to decide on a favorite one, and to prepare to return to school the next day and discuss the answers to the questions on the card. Read the card to the students and explain that their parents may help them at home.

8. On the following day, discuss the ads the students have watched. Help them report the answers to the questions on their cards regarding the commercials they watched.

9. Have them draw a picture of their favorite commercial. Create a bulletin board with a picture of a television set in the center and their drawings of commercials around it. Give the bulletin board a title such as "TV Helps Us Spend."

ACTIVITY 2 — A Commercial for Wickey Woks

1. Display the transparency from Activity Sheet 11.2: *Making Consumers Want to Buy* and discuss the pictures. Explain that these pictures show some of the ways advertisers try to get consumers to buy their products. These methods include the following:
   a. An ad might tell consumers to use a product because a famous person uses it (such as a famous athlete in an ad for athletic shoes).
   b. An ad might tell people to buy the product because everyone else is buying and using it.
   c. An ad might compare its product favorably to a competitor's product, such as a certain cookie that tastes better than another manufacturer's cookies.
   d. An ad might tell consumers that this product would make them better in some way (healthier, prettier, smarter, stronger, or faster).
   e. An ad might tell consumers that something bad will happen if they don't buy their product.

2. Choose some familiar ads to discuss and analyze with the students' help. Ask the students to decide which method the advertiser was using and who are the consumers being targeted by the ad. (*Answers will vary according to the example presented.*)

3. Recall with the students (or reread) the story from the previous lesson (Lesson 10) in which Penny buys *Wickey Woks.*

4. Penny purchased some Wickey Woks for only 50 cents, so this product must be a small, inexpensive item. Ask what the possibilities might be for Wickey Woks. (*Answers will vary but they might include candy, special pencils or erasers, small toys, gum, cereal bars, or special balloons.*)

5. Divide the students into groups of 3 to 4. Tell them to decide within their group what their *Wickey Woks* will be. Explain that not all choices will be the same and different groups may choose different items to be *Wickey Woks.*

6. After group decisions are made, distribute drawing paper and crayons to each student. Write the words "*Wickey Woks*" on the chalkboard. Tell the students to draw a picture that could be put on television to

advertise their *Wickey Woks*. Have them choose one of the five advertising methods listed in (1) above. Allow time for the students to complete their drawings.

7. Tell the students to pretend that one of their group's drawings will be put on TV each day to advertise their product. Explain that they should work in their group to decide whose drawing will be used today and what that person will say in the commercial. The students should be sure to include an explanation of what their *Wickey Woks* are and how consumers use them.
8. Explain that the students will now have a "commercial break," so each group can present its commercial.
9. Give each student two quarter squares from Activity Sheet 11.3: *Consumer Quarters*. Discuss the value of the coins and how they can add up to 50 cents, the price of *Wickey Woks*. Explain that after the commercials are presented, the students will pretend to use their quarters to purchase the *Wickey Woks* of their choice, but they will not be allowed to buy the ones produced by their own group. Tell them to pay close attention to the commercials and decide which *Wickey Woks* would be something that they really want.
10. Allow each group to present its commercials. Then display the pictures for each group. Have the students think about and choose the *Wickey Woks* they want to buy. Tell them to place their two quarters next to the picture of their chosen *Wickey Woks*.
11. Tally up the money allocated to each group in this activity. Help the students as needed to count the quarters. Then compare amounts for each group. Discuss with the class why the students might have chosen to buy each product. Graph the results if desired.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Why do companies advertise their products?** (*They want to sell more of their products and earn more money, so they advertise to tell consumers about the products and to encourage them to buy the products.*)
2. **What is a benefit that consumers receive from advertising?** (*Consumers receive information that helps them in making spending decisions to satisfy their wants.*)
3. **What is a possible cost to consumers from making spending decisions based on advertising?** (*Some advertisements exaggerate the benefits of a product so that the consumer's wants are not fully satisfied.*)
4. **Where do you see or hear advertisements?** (*Answers will vary, but they should include television, radio, newspapers, magazines, and billboards.*)
5. **When you see a toy commercial on a cartoon show, what group of consumers are the advertisers trying to reach and convince to buy?** (*Children.*)
6. **When you created your televisions ads for Wickey Woks, we talked about some ways in which advertisers try to talk you into buying their product. What were some of these ways?** (*An ad might tell consumers to use a product because a famous person uses it, or because everyone else is using it, or because something bad will happen if they don't buy the product, or because it's better than another brand, or because the product will make them better off in some way.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others are available on our web site, **www.ncee.net.**

Music Connection:

Teach the students the following song. Caution the students to take this as a warning not to believe everything they hear in a commercial, but to make up their own minds about how to spend their money, considering the costs and benefits of such spending decisions.

Commercials

(Tune: *My Bonnie Lies over the Ocean*)

Verse:
Commercials tell us what is pretty.
Commercials tell us what is great.
Commercials tell us what is tasty.
Commercials tell us not to wait.

Chorus:
Commercials, commercials,
Commercials tell us how to spend, and why.
Commercials, commercials,
Commercials tell us what to buy.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

TV Homework

TV Homework

1. What is being sold in this commercial?

2. Who are the consumers that would want this product?

3. How did this commercial try to make people want to buy the product?

4. Why do you think people might believe this commercial?

Note to parents: *As a homework assignment, students are to watch commercials on TV until they find one they like, and then answer the above questions about this commercial. Please help your child get his or her answers written on this card, and return it to school tomorrow in the message pocket.*

TV Homework

1. What is being sold in this commercial?

2. Who are the consumers that would want this product?

3. How did this commercial try to make people want to buy the product?

4. Why do you think people might believe this commercial?

Note to parents: *As a homework assignment, students are to watch commercials on TV until they find one they like, and then answer the above questions about this commercial. Please help your child get his or her answers written on this card, and return it to school tomorrow in the message pocket.*

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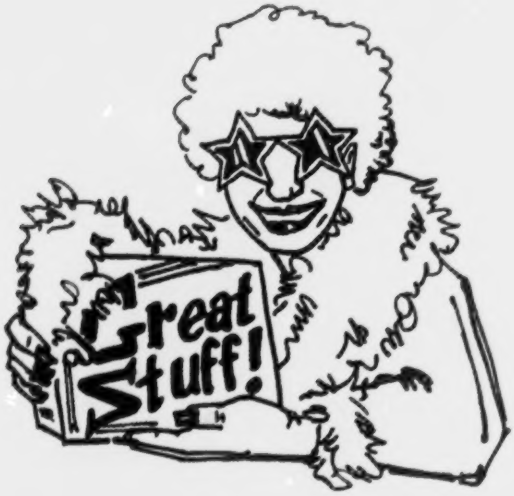
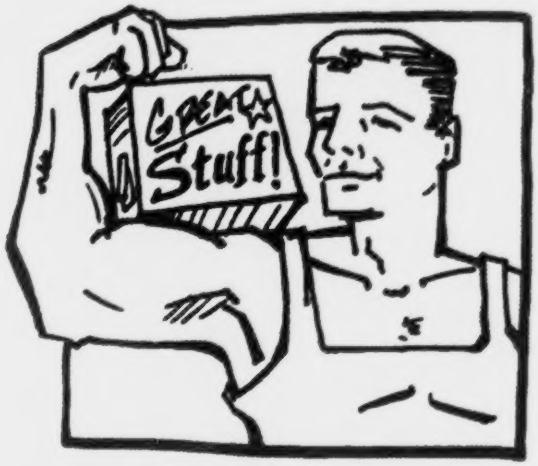
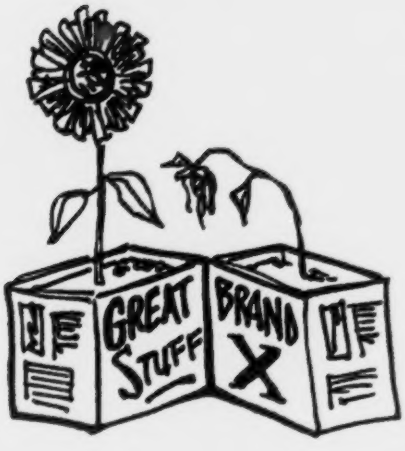
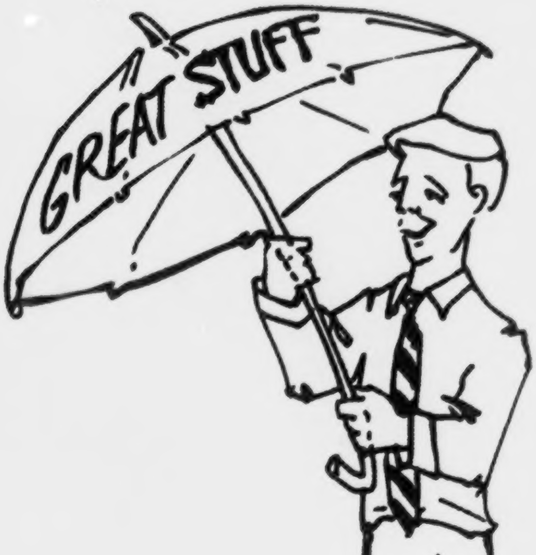
ACTIVITY SHEET 11.2

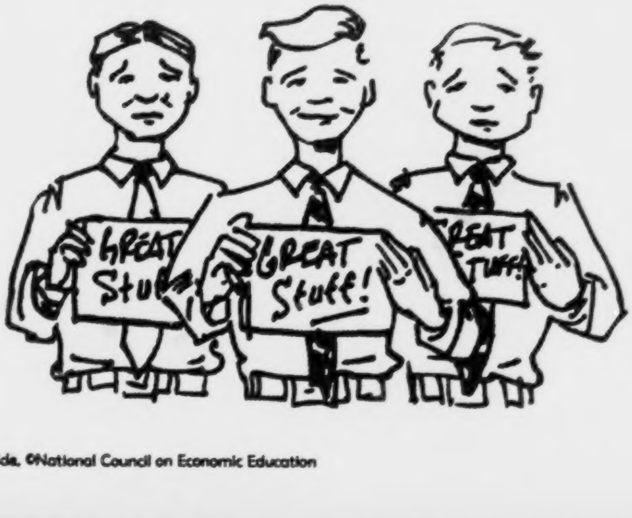
Making Consumers Want to Buy


Great Stuff!


GREAT Stuff!

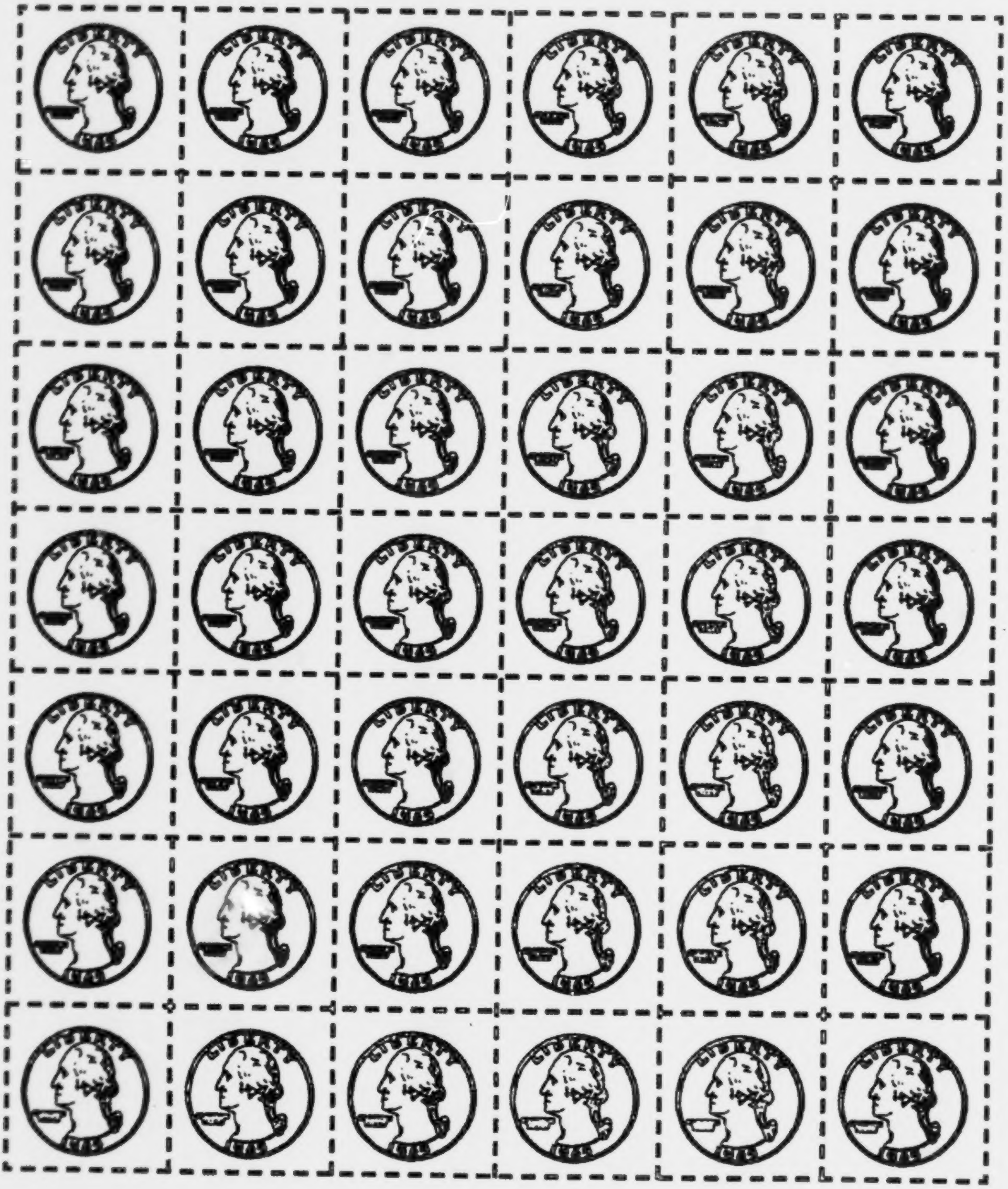

GREAT STUFF
BRAND X


GREAT STUFF


GREAT Stuff
GREAT Stuff!
GREAT STUFF

ACTIVITY SHEET
11.3

Consumer Quarters



ASSESSMENT

Lessons
8-11

Spending is Serious Business

For Younger Students *(kindergarten through grade 1):*
Using the directions given below, administer Test I only.

For Older Students *(grades 1 and 2):*
Use Test I and Test II. Even if students are good readers, the teacher should read the questions aloud and allow time for the students to circle the correct pictures. (This is to be certain that you are testing economics concepts, not reading skills.) Use the directions given below for Test I.

DIRECTIONS FOR TEST I

For each row, read the following statements aloud to students. If necessary, identify the pictures.

♥ 1. Put your finger on the heart. On this row, circle all of the pictures that show consumers.

☺ 2. Put your finger on the happy face. On this row, circle the picture that shows something that makes us want to spend.

➡ 3. Put your finger on the arrow. Mary went to the store with her mom and dad. She wanted a book and some crayons, but she only had enough money to buy one thing, so she decided to buy the book. On this row, circle the person who was the consumer in this story.

☐ 4. Put your finger on the box. On this row, circle the good that Mary chose to buy.

☾ 5. Put your finger on the moon. On this row, circle the picture that shows Mary's opportunity cost.

DIRECTIONS FOR TEST II

Part A. Draw a line to match the price of each good with the amount of money you will have to spend to buy it. If necessary, identify the pictures.

Part B. Listen carefully as I read some sentences about people who are spending money. Put a "P" on the line if someone is making a planned spending decision. Put a "U" on the line if someone is making an unplanned spending decision.

1. Maria was out of paper at school. Dad gave her some money and she went to the store and bought some more paper.

2. Penny had been saving money for a new bicycle. When her friend asked her to go to the movies, she took money out of her bank to buy a ticket right away.

3. David went to the mall to buy some special new tennis shoes. He saw a shirt he wanted and bought it. Now he doesn't have enough money for the tennis shoes he likes.

4. Juan was saving his money to go to the amusement park. He was so excited when he finally saved enough money and he got to go at last.

5. Robin was invited to a birthday party. She took some money from her special gift savings and went to the mall and bought the gift.

6. Shawn wanted a new computer game, but when he got to the store, he remembered that he had spent some of his money playing video games at the arcade. Now he didn't have enough money left to buy the computer game.

Answer Key

TEST I:

(Heart Row) –
all pictures should be circled

(Happy Face Row) –
(b) *watching commercials on TV*

(Arrow Row) –
(b) *Mary*

(Box Row) –
(c) *the book*

(Moon Row) –
(a) *the crayons*

TEST II:

A. The apple – 30¢ (3 dimes)
The pencil – 20$ (4 nickels)
The balloon – 25¢ (1 quarter)

B. 1. P - (planned)
2. U - (unplanned)
3. U - (unplanned)
4. P - (planned)
5. P - (planned)
6. U - (unplanned)

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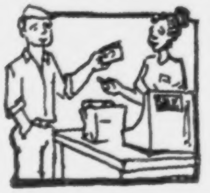
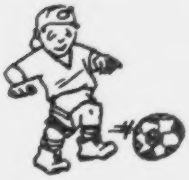
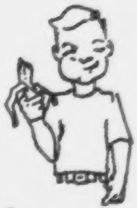
TEST I

NAME:______________________________________

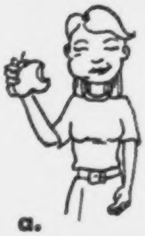
1. Circle all of the pictures that show consumers.

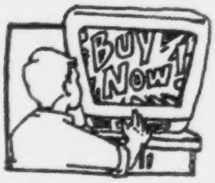

a.


b.

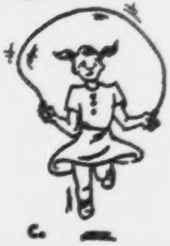

c.

2. Circle the picture that shows something that makes us want to spend.

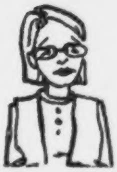

a.

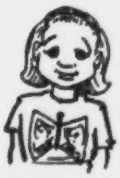


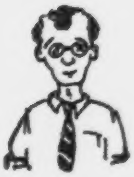
b.


c.

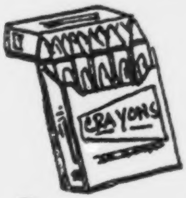
3. Mary went to the store with her mom and dad. She wanted a book and some crayons, but she only had enough money to buy one thing, so she decided to buy the book. Circle the person who was the consumer in this story.

a.

Mom

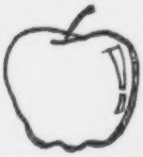
b.

Mary

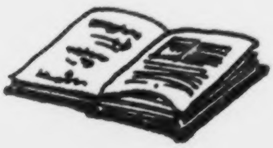
c.

Dad

4. Circle the good that Mary chose to buy.

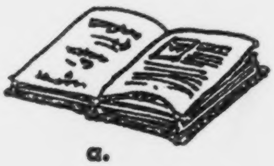


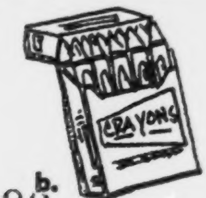
a.


b.


c.

5. Circle the picture that shows Mary's opportunity cost.


a.



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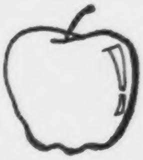
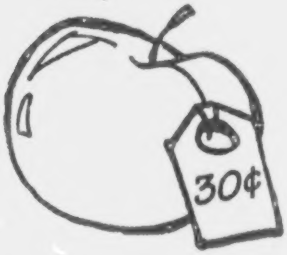
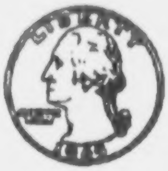

c.

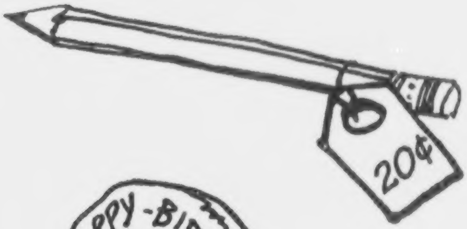
TEST II

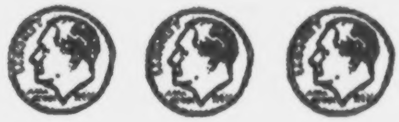
NAME: ____________________________

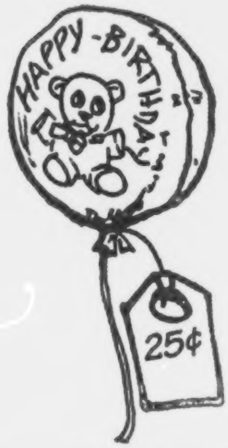
1. Draw a line to match each price of each good with the amount of money you will have to spend to buy it.

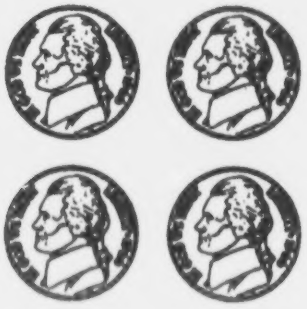












4. Listen while your teacher reads some sentences about people who are spending money.

- **Put a "P" on the line if someone is making a planned spending decision.**
- **Put a "U" on the line if someone is making an unplanned spending decision.**

1. ________ 2. ________ 3. ________

4. ________ 5. ________ 6. ________

BEST COPY AVAILABLE

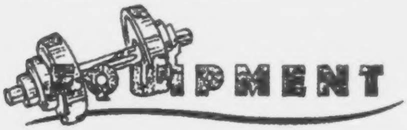
THEME 4

LESSON 12

We Are Borrowers

Story 12: The Young Borrowers

Fitness Focus



EQUIPMENT

- ✔ Storybook: *Story 12 - The Young Borrowers*
- ✔ Activity Sheet 12.1: *Playtime Credit Agreement*
- ✔ Activity Sheet 12.2: *Classroom Borrowers*
- ✔ Activity Sheet 12.3: *Responsible Borrowing*
- ✔ Scissors and crayons

LESSON DESCRIPTION

Students experience borrowing time for a playtime activity and repay the borrowed time the next day. They analyze the borrowing decisions of Penny, Nicholas, and their classmates, and they determine who is a responsible borrower and who is not.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

Scarcity exists because people have unlimited wants and limited income to purchase goods and services. People often borrow (use credit) as a way of satisfying immediate wants and must then forgo goods and service in the future to repay the loan. Responsible borrowers repay loans according to the agreed-upon conditions. Irresponsible borrowers often find it difficult to get credit.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Identify examples of borrowing and reasons why people borrow.
- ✔ Distinguish between responsible and irresponsible decisions about borrowing.
- ✔ Explain that borrowing allows people to satisfy wants now and pay in the future.
- ✔ Experience borrowing and repayment.
- ✔ Explain why people who borrow in the present must forgo future goods and services in order to pay back what was borrowed.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Credit, borrowing, wants, goods, services

PARENT CONNECTION

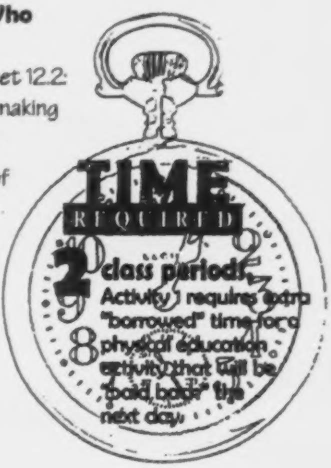
The Parents' Guide to Pocket Power, Theme 4 - *Borrowing is Serious Business,* contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: Play Now, Pay Later
Make a transparency and one paper copy of Activity Sheet 12.1: *Playtime Credit Agreement.*

B. FOR ACTIVITY 2: Who Was Responsible?

- Duplicate Activity Sheet 12.2: *Classroom Borrowers,* making one copy per student.
- Make a transparency of Activity Sheet 12.3: *Responsible Borrowing.*



TIME REQUIRED

2 class periods.
Activity 1 requires extra "borrowed" time for a physical education activity that will be "paid back" the next day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 12 - The Young Borrowers.*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **What kind of book had Nicholas borrowed from the library?** (*A book about hamsters.*)
2. **Who forgot to bring back a library book?** (*Maria.*)
3. **What suggestion did Nicholas give Maria to help her get her library book back to school?** (*He suggested she put it in her backpack when she finished reading it, even if it wasn't library day.*)
4. **What were Brian and Nicholas talking about in the lunch line?** (*Their hamsters.*)
5. **Why had Penny brought her lunch to school?** (*She is saving her money to buy a bicycle.*)
6. **Why did Brian have all his pockets turned inside out?** (*He was looking for his lunch money.*)
7. **Why wouldn't Maria, Penny, or Nicholas lend Brian any lunch money?** (*Brian does not repay them when he borrows.*)
8. **How was Brian going to pay for his lunch?** (*He was going to charge it.*)
9. **Why did Penny give paper to Tyrone?** (*She had borrowed paper and was repaying it.*)
10. **Why did Scott need to borrow a pencil?** (*He broke the lead in his pencil, and it was too short to sharpen.*)
11. **Why wouldn't Tyrone let Scott borrow a pencil?** (*Scott never returned things when he borrowed them.*)

EXERCISE

ACTIVITY 1 — Play Now, Pay Later

1. Recall with the students how Tyrone and Brian had borrowed money for their lunches from the other children at school. Ask the students why they think the other children were willing to lend Tyrone money but were not willing to lend Brian money. (*Tyrone had paid them back the money he borrowed, but Brian had not repaid them.*)

2. Explain that when people want goods and services, but do not have enough money to pay for them, they sometimes borrow to secure the goods and services now to satisfy their wants. But they must agree to pay back the money in the future. This is called *credit*. The borrowers must give up some goods and services they could buy in the future in order to pay back the money they owe.

3. Ask the students if they have seen an adult use a credit (plastic) card in a store. Explain that when adults purchase goods and services with the card, they will get a bill later for the amount of the purchase and then they pay.

4. For recess or physical education class, plan a popular outdoor activity that will take a long while to play. Tell the students they probably won't have enough time outside to play as long as they would like. Explain that the school system allows only a specified amount of time each day for such activities.

5. Tell the students that because they are studying about credit and borrowing, you will allow them to borrow some extra time from tomorrow's playtime so they can spend more time outside today enjoying the game. Although you want them to realize that a loan must be paid back, do not emphasize this point at this time.

6. Show the students a transparency made from Activity Sheet 12.1: *Playtime Credit Agreement*. Read the agreement to the students, filling in the blanks at the top of the page. Explain that adults often must sign agreements when they borrow money or things. Tell students that everyone who signs the agreement will get to stay outside for an extra 15 or 20 minutes (depending on your schedule). Have the students sign a paper copy of the agreement.

7. The next day, just before time to go outside, show the students the agreement they signed and tell them that they borrowed some playtime yesterday, so they must pay it back today. Be sure that the amount of borrowed time is at least two-thirds of the usual time. This will help them realize how short their playtime has become.

8. When the students come back inside, talk about how they feel today as compared with yesterday. Tell them that next time they want to borrow, they should remember how difficult it sometimes is when the time comes to pay back what they borrowed.

9. Talk about how this is similar to what happens when people charge purchases in a store. People get their purchases now, but when the credit card bill comes, they must give up money they could spend on other things to pay the bill.

ACTIVITY 2 — Who Was Responsible?

1. Write the word *Responsible* on the chalkboard. Tell the students that some children in the story borrowed and were responsible and some were not. Explain that a responsible borrower is someone who pays back what is borrowed according to the agreement made. It is necessary for the borrowers to do this because they might want the lender to lend something again.

2. Give each student scissors, crayons, and a copy of Activity Sheet 12.2: *Classroom Borrowers*. Have the students cut out the cards and arrange them on their desks. Ask them to think of the sound that comes at the beginning of Penny's name, and then find the card with that letter on it and color the letter red. Call out the remaining coloring directions in the same manner, using the names and colors as indicated below, and

provide time for the students to color each card as specified.

Penny – red
Tyrone – purple
Brian – orange
Scott – green
Nicholas – blue
Maria – brown

3. Display the transparency of Activity Sheet 12.3: *Responsible Borrowing*. Explain that the names of each student in the story go in a different empty box in the chart.

4. Call attention to the large capital "R" in the left column. Explain that this letter stands for "Responsible," and all people in this row should be responsible borrowers. Direct the students' attention to the box below, with the large capital "R" inside the circle. Explain that a circle with a diagonal line through it means "not," so this row is for people who are not responsible borrowers. Then show the students the pictures that are headings for each column on the transparency and read the words under each picture.

5. Tell the students that you will read the story again and they should listen carefully to decide whose name goes into each square.

6. After reading the story, ask the following questions; have each student answer by choosing and displaying the card with the first letter of that student's name. Do an instant check of class responses. The colors of the letters will make any incorrect answers easy to distinguish. Help any student with incorrect answers. When all the students display the correct card, write the letter in that square on the transparency. Then have the students turn this card over and write on the back, making a capital "R," indicating "responsible," or a capital "R in a circle with a diagonal line through it, indicating "not responsible."
    a. **Which student was a responsible borrower of a library book?** (*Nicholas, blue card.*) **Why will he be allowed to check out another book?** (*He returned his previous book on time.*)
    b. **Which student was not a responsible borrower of a library book?** (*Maria, brown card.*) **Why will she not be allowed to check out another book right away?** (*She did not return her previous book on time.*)
    c. **Which student was a responsible borrower of lunch money?** (*Tyrone, purple card.*) **Why were the other children willing to lend money to him?** (*He paid them back.*)
    d. **Which student was not a responsible borrower of lunch money?** (*Brian, orange card.*) **Why would the other children not let him borrow lunch money?** (*He had not paid them back when he borrowed.*)
    e. **Which student was a responsible borrower of paper?** (*Penny, red card.*) **Why will she be able to borrow paper again easily?** (*She paid back the borrowed paper, and she will be trusted to pay back when she borrows again.*)
    f. **Which student was not a responsible borrower of a pencil?** (*Scott, green card.*) Why was he having trouble finding someone to lend him a pencil? (*He did not return the pencils he borrowed.*)

7. Use the table below for quick reference.

	Library Books	School Lunches	School Supplies
Responsible Borrowers	N (Nicholas)	T (Tyrone)	P (Penny)
Not Responsible Borrowers	M (Maria)	B (Brian)	S (Scott)

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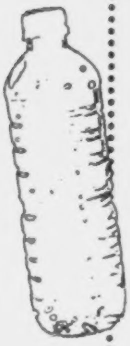
8. Ask the students whether they want to be "Responsible Borrowers" or "Not Responsible Borrowers" and why. *(Answers will vary, but they should indicate that they must be responsible if they want someone to trust them enough to let them borrow again.)*

9. Have the students take their letter cards home in their message pockets with instructions to tell their parents why each child was considered a responsible borrower or not a responsible borrower.



COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Give an example of a good you have borrowed.** *(Answers will vary, but they might include such things as books, paper, pencils, glue, scissors, or toys.)*
2. **Why do most people borrow money?** *(People borrow money because they want more goods and services than they can pay for at the time.)*
3. **What is another word for borrowing money and agreeing to pay it back?** *(Credit)*
4. **Give an example of a time you have seen someone use credit.** *(Answers will vary, but they might include using a credit card at a department store or a gas station, or charging a lunch at the school cafeteria.)*
5. **What does it mean to be a responsible borrower?** *(The borrower will pay back what is borrowed according to some agreement.)*
6. **If you borrow money now, what does it mean if you say you are giving up future goods and services?** *(Future income must be used to repay the loan, and thus that income cannot be used to buy additional goods or services.)*

Crosstraining

Cross training can be done in many ways. One example is given here. Others can be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students the song below. Have the students do the clapping on the spelling of M-O-N-E-Y, just as is usually done with the song, *Bingo*. Explain that consumers must pay for things at a later date (but not literally "tomorrow" as the song states).

Borrowing Money

(Tune: *Bingo*)

Verse 1:

Consumers want to buy some things.
And sometimes they will borrow.
M-O-N-E-Y,
M-O-N-E-Y,
M-O-N-E-Y,
And money's what they borrow.

Verse 2:

They buy the things they want today,
But pay for them tomorrow.
M-O-N-E-Y,
M-O-N-E-Y,
M-O-N-E-Y,
Is what they pay tomorrow.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

ACTIVITY SHEET

12.1

Playtime Credit Agreement

Today is ________________

We, the students of ________________'s class, ask for credit to borrow ___________ minutes of playtime. We promise that we will pay back what we borrowed tomorrow.

Signed:

________________ ________________ ________________

________________ ________________ ________________

________________ ________________ ________________

________________ ________________ ________________

________________ ________________ ________________

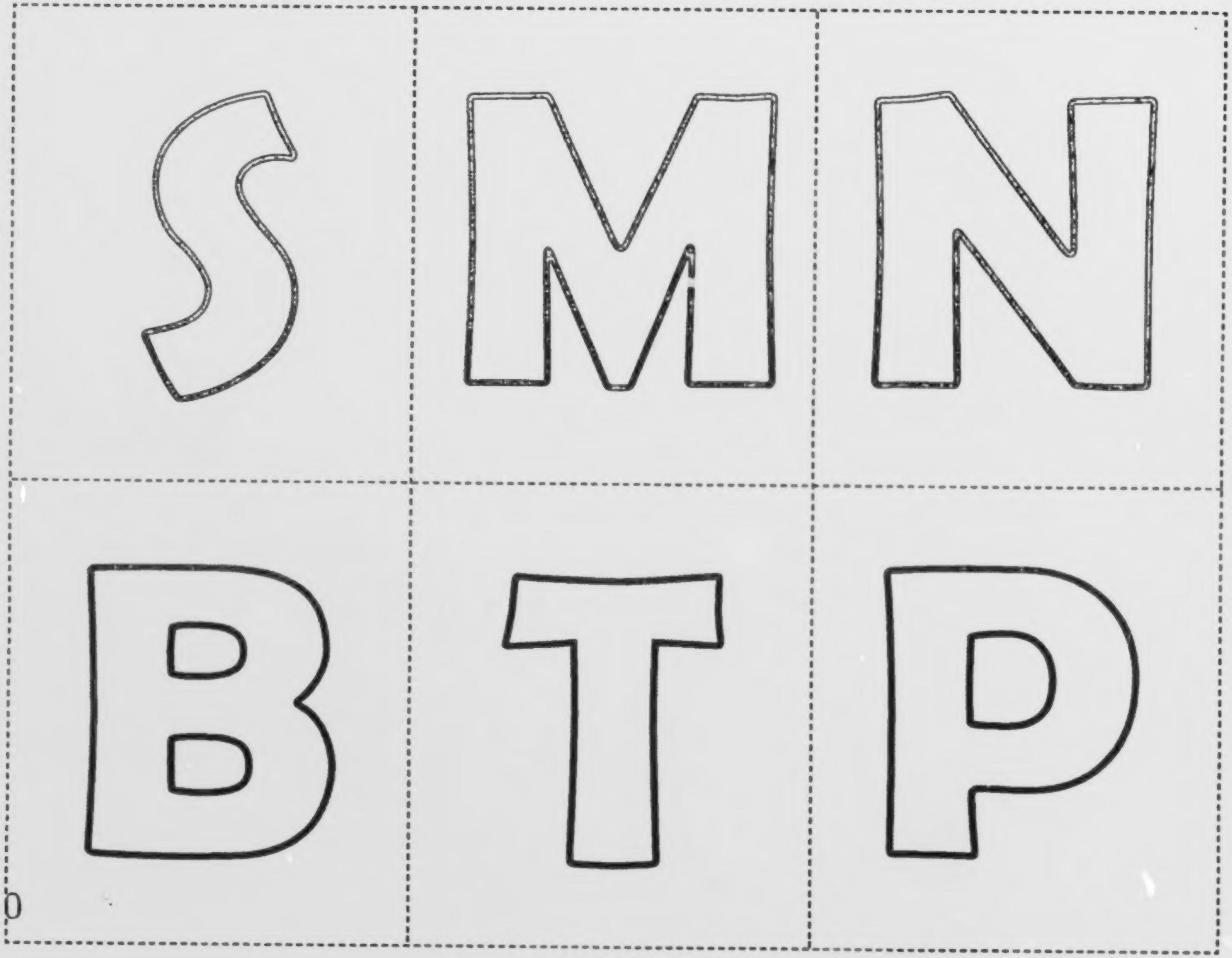
________________ ________________ ________________

________________ ________________ ________________

________________ ________________ ________________

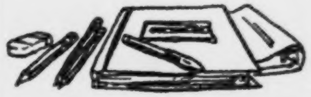
ACTIVITY SHEET 12.2

Classroom Borrowers



ACTIVITY SHEET 12.3

Responsible Borrowing

	Library Books	School Lunches	 School Supplies
R Responsible Borrowers			
R Not Responsible Borrowers			

THEME 4 - CREDIT

LESSON

13

We Are Lenders

Story 13: The Young Lender

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 13 - The Young Lender***
- ✔ Activity Sheet 13.1: ***Pay Back Situation Cards***
- ✔ ***Pocket Decision Apron*** constructed in Lesson 4
- ✔ 3" x 5" index cards (about 30)
- ✔ Crayons
- ✔ Four paper streamers, about 3 feet long and 2 inches wide

LESSON DESCRIPTION

This lesson focuses on the relationship between borrowers and lenders from the perspective of the lender. The students explore the costs and benefits of making a lending decision using the Pocket Decision Apron. In a lending activity, they discover the importance of trust between borrowers and lenders as they evaluate the borrowers' credit history.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

When people decide to lend, they enter into an agreement built on trust. In order to give credit, lenders must decide if the benefits of lending outweigh the costs. To insure repayment, the lender should evaluate the trustworthiness of the borrower when making the lending decision. The borrower must forgo future consumption of goods and services in order to repay the lender.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Use the concepts of benefits and costs to evaluate lending decisions.
- ✔ Identify examples of lending.
- ✔ Recognize the trust between responsible lenders and borrowers.
- ✔ Identify the ability to repay as a necessary condition for credit.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Benefits, costs, credit, borrowers, lenders, opportunity cost

PARENT CONNECTION

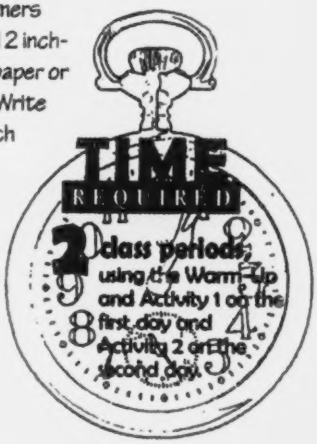
The Parents' Guide to Pocket Power, Theme 4 - *Borrowing is Serious Business*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: Lending a Glove
Use the Pocket Decision Apron, constructed in Lesson 4, or look in the *Getting Ready!* section of Lesson 4 for instruction for making one.

B. FOR ACTIVITY 2: Step Up, Step Back!

- Make one copy on cardstock of Activity Sheet 13.1: *Pay Back Situation Cards*. Cut the four cards apart.
- Cut four paper streamers about 3 feet long and 2 inches wide, from tissue paper or from the newspaper. Write the word trust on each streamer.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activity 2 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 13 - The Young Lender.*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **What did Nicholas tell Ms. Kim he was studying in school?** (*Money and borrowing.*)
2. **Who did Nicholas's class interview?** (*The cafeteria manager.*)
3. **What was the example of borrowing at school that Nicholas explained to Ms. Kim?** (*When the students charge their lunches, they borrow money to pay for them, and they must repay.*)
4. **What did Ms. Kim want to borrow?** (*A rake.*)
5. **What happened to Ms. Kim's rake?** (*The handle broke when she was raking her garden.*)
6. **Why did Mom say she was willing to lend the rake to Ms. Kim?** (*Ms. Kim always returned the tools she borrowed.*)
7. **Why couldn't Christopher get the rake for Ms. Kim?** (*He couldn't reach it.*)
8. **What kind of problem did Nicholas have that he wanted to talk over with Ms. Kim?** (*His best friend Brian wanted to borrow his baseball glove.*)
9. **Why was Nicholas having a hard time making a decision?** (*Brian had already lost two gloves, and Nicholas was afraid he would lose his, too.*)
10. **What did Nicholas say he needs to think about before making a decision?** (*The costs and benefits of the decision.*)

EXERCISE

ACTIVITY 1 — Lending a Glove

1. Show the students the *Pocket Decision Apron* made earlier. (See Activity 2 in the *Getting Ready!* section of Lesson 4.) Select a student to wear the apron, and help the class remember how the apron was used to make decisions.

2. Explain that a *lender* is a person who supplies a borrower with the item he or she wants to borrow. Ask if any of the students have ever been lenders. (*Answers will vary.*)

3. Tell the students they will use the decision apron to help Nicholas make a decision about whether to lend his glove to Brian. Give a student volunteer an index card on which to draw a picture of Nicholas's problem. Suggest that this card should show Nicholas holding his glove, trying to decide whether to lend it to Brian. Have this student place the completed card in the pocket for the problem (The pocket with question mark.)

4. Remind the students that *alternatives* are the items from which a person chooses when he or she must make a decision. Have them identify Nicholas's alternatives (*To lend and not to lend.*) Give two student volunteers cards on which to draw pictures of these alternatives. Have them place the completed cards in the pockets for alternatives 1 and 2.

5. Remind the students that they must next decide on the benefits (good points) and costs (bad points) for each alternative. Ask the students to identify these benefits and costs. (*Answers will vary, but benefits may include making his friend Brian happy; costs may include losing his glove.*) As the students suggest benefits and costs, give them cards on which to draw pictures of the suggested benefits or costs. Have them place the completed cards in the happy face (benefits) or sad face (costs) pockets.

6. Remind the students that the next step is to decide which alternative is better, based on the costs and benefits. Give all the students an index card on which to draw the alternative each student thinks is best.

7. After the students have completed the cards, have the students choosing alternative 1 stand on one side of the room and those choosing alternative 2 stand on the other side. Count and compare the number of students in each group. Have the students return to their seats for discussion.

8. Have the students discuss their decisions. Ask who should make the final decision to choose? (*Nicholas.*) Be sure the students understand that there is no right or wrong choice. The best choice is the one that will best satisfy Nicholas's wants, because he is the person making the choice. Tell the students that Nicholas should choose the one that would make him happier. Because Nicholas's decision is not known, do not put any cards in the star decision pocket.

ACTIVITY 2 — Step Up, Step Back!

1. Recall the events in the story when Nicholas was thinking about lending his glove to his friend. Ask the students why they think Nicholas was worried. (*He didn't want to lose a friend by denying his request to borrow, but he was worried that his friend might lose his glove.*)

2. Explain that sometimes people forget or choose not to pay back what they borrow. Ask the students how they would feel if they were the lenders who did not get paid back. Allow time for them to tell about times when they have been lenders.

3. Tell the students they will now participate in an activity to show them how a lender feels when the borrower chooses to pay back or not pay back a loan.

4. Show the students one of the paper streamers. Tell them that when someone wants to borrow something, the lender must trust the borrower to pay the loan back. Call

attention to the word *trust* that is written on the paper streamers. Identify the streamer as a *trust streamer* that will connect the lender to the borrower. Explain that if the lender did not trust the borrower, the lender would not choose to lend to the borrower.

5. For this activity, use the cards from Activity Sheet 13.1: *Pay Back Situation Cards*. Read the "Situation before borrowing" on Card #1 to the class. Then proceed with the activity in this manner:
   - Ask for two student volunteers to play the part of Nicholas and his mother.
   - Have the class identify the borrower (*Nicholas*) and the lender (*his mother*).
   - Give a trust streamer to the student playing Nicholas's mother. Explain that his mother must trust him to pay the loan back, or she would not have chosen to lend him the money. Have this student hold one end of the trust streamer and give the other end to the student playing Nicholas.
6. Repeat this process with Cards #2, #3, and #4. After this, all four pairs of students should be holding outstretched streamers.
7. Tell the students they will find out what happened to each borrower and lender. Return to the pair representing Mom and Nicholas on Card #1. Review the "Situation before borrowing" if necessary. Then proceed as follows:
   - Read to the class the "Situation after borrowing" from Card #1.
   - **Ask if Nicholas was a responsible borrower and why.** (*He was a responsible borrower because he paid his mom back, even when he had problems and had to get money from his savings.*)
   - **Ask the students if they think Nicholas's mom will trust him and lend him something again and why.** (*She will probably trust him again because he paid her back this time.*)
   - Have the student representing Nicholas "step up" toward the student representing Mom and return his end of the streamer. Explain that now Mom still has her trust in Nicholas.
8. Repeat this process with Cards #2, #3, and #4. On Cards #2 and #3, the borrowers were not responsible. Explain that the borrower who does not act responsibly breaks the agreement. Have these borrowers "step back," taking a few steps backwards until the streamer breaks. Explain that these borrowers have broken the trust that the lenders had, and lenders will probably not trust the borrowers again and will not lend to them in the future. Card #4 is a responsible borrower, just as Card #1 was, and this borrower will return the unbroken streamer to the lender.
9. Explain that when lenders choose to lend to borrowers, they have an opportunity cost. Review the concept of opportunity cost as the best thing given up when a choice is made. Ask the following questions:
   - **What was Mom's opportunity cost when she let Nicholas borrow $5.00?** (*She gave up being able to spend the money on something else.*)
   - **What was Mr. Lopez's opportunity cost when he let Maria borrow the garden tool?** (*He gave up being able to use the garden tool himself.*)
   - **What was Shawn's opportunity cost when he let Brian borrow the hat?** (*He gave up being able to wear the hat himself.*)
   - **What was Penny's friend's opportunity cost when she let Penny borrow the calculator?** (*She gave up being able to use the calculator herself.*)
10. To allow other students to participate, the activity may be repeated with different students in the roles. The situations may be changed as desired.
11. Make up more situations as needed, changing what is borrowed.
12. At the end of the activity, have a discussion with the students, bringing out the necessity for borrowers to maintain a reputation of trustworthiness with lenders.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **Give an example of a time when you have been a lender.** (*Answers will vary.*)
2. **A friend asks to borrow your bicycle. What would be a benefit to you if you decided to lend the bike?** (*Making a friend happy, keeping a friendship, the friend might be willing to lend to you in the future.*)
3. **What would be a cost of your decision to lend the bike?** (*You won't have the bike to use; the bike might be damaged.*)
4. **If you lend your brother a dollar, what is the opportunity cost of your lending decision?** (*Giving up the ability to spend the money now.*)
5. **Why might a lender decide not to trust a borrower?** (*The borrower may not have repaid previous loans.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others may be found on our web site, **www.ncee.net.**

Music Connection:

Teach the students the song below. Each time the song is sung, have two students pantomime the actions of the borrower and the lender. Substitute the name of one of the students for the name *Billie Boy* (for example, Tommy Boy or Mary Girl). Have the selected students decide upon the item to be borrowed (and inserted in the blank).

The Credit Song
(Tune: *Billie Boy*)

Borrowing verse:
Will you borrow a (book), Billie Boy, Billie Boy?
Will you borrow a (book), Little Billie?
I will borrow a (book),
But I'll have to give (pay) it back.
If I don't, no one else will give me credit.

Lending verse:
Will you lend me a (dime), Billie Boy, Billie Boy?
Will you lend me a (dime), Little Billie?
I will lend you a (dime),
But you'll have to pay (give) it back.
If you don't, no one else will give you credit.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

ACTIVITY SHEET 13.1

Pay Back Situation Cards

CARD #1

Situation before borrowing:

Nicholas wanted to borrow $5.00 from his mother to go to the movies and pay for his snack. His mother agreed, but she said that he must pay her back from next week's allowance.

Situation after borrowing:

Nicholas didn't earn all his allowance the next week, because he forgot to clean his room on Friday. He didn't get enough to pay his mother the $5.00 he borrowed. So he pulled out his coin can and took out some of his special savings, in order to have enough to pay Mom back.

CARD #2

Situation before borrowing:

Maria wanted to borrow a garden tool from Mr. Lopez because she wanted to plant some seeds in her backyard. Mr. Lopez agreed, and Maria promised to return the tool.

Situation after borrowing:

Maria forgot and left Mr. Lopez's garden tool outside in the rain. She didn't even think about it until three days later. When she hadn't returned it, Mr. Lopez finally had to ask her for it. When she went to get it, she saw that there was some rust on it.

CARD #3

Situation before borrowing:

Brian wanted to borrow a special ranger hat from his friend Shawn for "Hat Day" at school. Shawn agreed and shared his hat with Brian for the day.

Situation after borrowing:

Brian wore Shawn's hat to school and misplaced it somewhere when he decided to take it off for awhile. When he realized what he had done, he looked for it, but he wasn't sure he would be able to find it. He apologized to Shawn and told him that he would have to wait until the hat was found.

CARD #4

Situation before borrowing:

Penny wanted to borrow a calculator for a homework assignment from a student in another class. The student agreed and let her take the calculator home.

Situation after borrowing:

Penny took her friend's calculator home and used it to do her homework. The next morning she forgot and left it at home. But when she realized what she had done, she went back home to get it. She knew her friend needed the calculator in her math class that next day.

LESSON 14

We Owe Money

Story 14: Empty Pockets

Fitness Focus

EQUIPMENT

- ✓ Storybook: ***Story 14 - Empty Pockets***
- ✓ Activity Sheet 14.1: ***Buying Wild Wants***
- ✓ Activity Sheet 14.2: ***Checks and Credit Cards***
- ✓ Activity Sheet 3.1: ***Pocket Change*** (from Lesson 3)
- ✓ Activity Sheet 3.2: ***Paper Money*** (from Lesson 3)
- ✓ An assortment of pennies, nickels, and dimes
- ✓ A small piece of pasteboard
- ✓ Yarn
- ✓ Construction Paper in a variety of colors (4 sheets per student)
- ✓ Crayons, scissors, and glue for each student

LESSON DESCRIPTION

Students assume the role of the Wild Wanter and determine the amount of credit needed to satisfy their wants when income is limited. They construct a Pay Box to show some of the ways consumers pay for goods and services.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

BACKGROUND

People often want goods and services but do not have enough earned income or money in savings to satisfy their wants. People use credit for satisfying present wants with future income. Credit is borrowing with the promise to pay back what is borrowed. Economic reasoning helps people decide whether a

Student Objectives

At the end of this lesson, the student will be able to:

- ✓ Distinguish between paying now for goods and services and using credit.
- ✓ Explain that credit is a trust or agreement to pay back, requiring responsibility on the part of the borrower.
- ✓ Explain that people's wants often exceed their ability to pay, motivating them to use credit.
- ✓ Identify methods by which people purchase goods and services.
- ✓ Describe how people use credit cards to satisfy present wants with future income.
- ✓ For Older Students: Explain why interest is paid to the saver and/or charged to the borrower.

purchase on credit is a good decision. Borrowers should consider the consequences before choosing to use credit. Lenders provide credit to borrowers. The lender and borrower enter into an agreement when credit is extended. Responsible borrowers repay loans according to the agreement.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Consumers, credit, borrower, lender, money, spending, saving, interest, methods of payment, checks, credit cards, paper money and coins

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 4 - *Borrowing is Serious Business*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

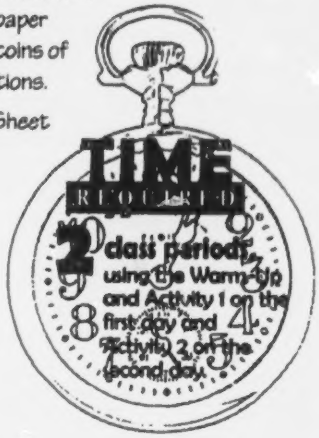
GETTING READY!

A. FOR ACTIVITY 1: The Wild Wanter

- Make a small posterboard sign that says Wild Wanter on it. Attach a length of yarn so that a student can wear it around his or her neck.
- Make a transparency of Activity Sheet 14.1: *Buying Wild Wants.*

B. FOR ACTIVITY 2: How People Pay: The Pay Box

- Cut construction paper into squares, enough for each student to have four squares in a variety of colors.
- Duplicate Activity Sheet 3.1: *Pocket Change* and Activity Sheet 3.2: *Paper Money*, making enough for each student to have two different pieces of paper money and several coins of different denominations.
- Duplicate Activity Sheet 14.2: *Checks and Credit Cards*, one per student.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activity 2 on the second day.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 14 - Empty Pockets.*

B. Ask the following questions, or intersperse the questions while reading the story:

1. **Who called Penny and offered her a job?** (*Ms. Kim.*)
2. **What job did Ms. Kim ask Penny to do for her?** (*She asked Penny to deliver plant seedlings to the neighbors.*)
3. **When Penny delivers the plants will she provide a service or produce a good?** (*Provide a service.*)
4. **Why did Mom say she was proud of Penny?** (*Penny is a responsible young lady.*)

5. **Why did Penny's smile turn into a frown when she went into the garage?** (*The handle was broken on her wagon.*)
6. **What was Mr. Lopez doing in his back yard?** (*Playing catch with Peluche.*)
7. **What did Mr. Lopez tell Penny she needed to fix her wagon?** (*A nut and a bolt.*)
8. **What was Mr. Lopez planning to buy at the hardware store?** (*A shovel.*)
9. **What problem did Penny have buying the nut and bolt?** (*She didn't have available any money. She had been putting all her money into her savings account.*)
10. **Why was Penny saving her money?** (*She wanted to buy a new bike.*)
11. **How did Mr. Lopez help Penny solve her problem?** (*He offered to give her credit. He would pay for the nut and bolt, and then she would repay him later.*)

EXERCISE

ACTIVITY 1 — The Wild Wanter

1. Remind the students that a consumer is someone who buys or uses goods and services. Have them recall times when they were consumers. Explain that everyone is a consumer and buys or uses goods and services every day.
2. Ask if the students ever want goods or services they cannot have and why. (*Answers will vary.*) Discuss a few examples. Remind them that Penny wanted a nut and bolt for her wagon, but she did not have the money immediately available to pay for it. Bring out the idea that our wants often exceed our ability to spend.
3. Show the students the *Wild Wanter* sign. Ask for a volunteer with a pocket to be the Wild Wanter who wants everything. Place the sign around the neck of the volunteer. Give the student 10 pennies to put in his or her pocket.
4. Show the class a small item such as a balloon or piece of candy or gum. Ask the Wild Wanter to pretend he or she wants the item *very* much and only has 10 cents in the pocket. Tell the class the price of the item is 15 cents. Ask the students to suggest some ways the Wild Wanter could get the item. Elicit the response that the student could use credit and borrow the rest of the money. Explain that *credit* is borrowing to satisfy present wants with a promise to pay back in the future.
5. Display the transparency of Activity Sheet 14.1: *Buying Wild Wants.* Read words, "price tag," and write in the price of 15 cents. Then read the sentence on the pocket, and ask the Wild Wanter to take the pennies from his or her pocket and put them, one at a time, on the pocket on the transparency. Ask the class to count the money along with the Wild Wanter. Have the Wild Wanter write 10 cents on the line in the sentence for the pocket.
6. Tell the class you will be the lender and lend the Wild Wanter enough money to purchase the item on a promise that he or she will pay it back tomorrow. Read aloud the sentence in the box at the bottom of the page. Ask the students to help figure how much the student needs to borrow by counting out the money along with you. Remind the students that 10 cents is in the pocket. Begin counting (with student help) with the number 11, as you place pennies in the box at the bottom of the page. Continue until reaching 15 cents. Ask:
   - **How much money did the Wild Wanter want to borrow?** (*5 cents.*) Have the Wild Wanter write this amount on the line in the box.
   - **Why can the Wild Wanter purchase the item now?** (*The Wild Wanter has enough money because 10 cents from the pocket + 5 cents borrowed = 15 cents which is the price.*)
   - **What should the Wild Wanter remember to do tomorrow?** (*Pay back the 5 cents.*)

- **What will happen if the Wild Wanter does not pay the lender back?** (*People probably will not choose to lend money to this Wild Wanter again, and he or she might have a hard time getting credit.*)

7. Repeat the activity with other student volunteers becoming the Wild Wanter. Change the item being purchased, the price, and the amount in the Wild Wanter's pocket. Adjust the prices to fit the grade level and abilities of the students to count money. Use nickels and dimes instead of pennies to give the students practice counting money by fives and by tens.

8. At the conclusion of the activity, emphasize that, if this were real, they would each have to pay back the money borrowed. Explain that most adults want things that exceed their ability to pay right away, and they must also borrow and must pay back what they owe. This often happens when they buy expensive things such as houses or cars.

ACTIVITY 2 — How People Pay: The Pay Box

1. Recall the definition of a consumer (someone who buys or uses goods and services). Ask how consumers pay for things they buy. (*Answers will vary.*) Accept all suggested answers. Then explain as much of the following as their level of maturity will allow:

   a. Consumers may use income they are earning and receiving now (in the present) to pay for some of their purchases. They are *spending*—using coins or paper money, or putting some money into an account at the bank and writing a check for their purchases. Be sure that the students understand that people must first deposit money in the bank before they can write the checks.

   b. Consumers may use money they received earlier (in the past) to pay for some of their purchases. They were *saving*, but they are now withdrawing money from their savings accounts and using this money they had earned earlier. **Optional:** Explain to older students who are mature enough to understand that the bank will pay savers a small amount of money, called *interest*, for letting the bank hold and use the money while they are saving.

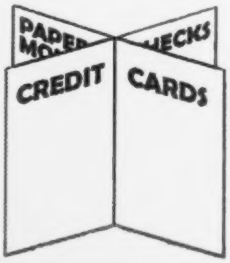
   c. Consumers may use money they will get (in the future) to pay for some of their purchases. This is *credit*—using a credit card (or some other credit agreement). In this way they borrow money from the credit card bank/company that pays for the purchase. The credit and bank company sends the card holder a bill in the mail at the end of the month asking him or her to pay the money back. Then the card holder must pay the money back to the credit card bank/company with income he or she has earned later. **Optional:** Explain to older students that borrowers must pay the bank a fee, also called *interest*, for using the credit card and paying later. Be sure they understand that interest on savings is money they will receive, and interest on credit is money they must pay to use someone else's money.

2. Tell the students they will make a *Pay Box* to illustrate some ways consumers pay for goods and services. Explain that this "box" will not be like other boxes; it will be open on all sides so consumers can choose how they want to pay.

3. Give the students crayons and four pre-cut construction paper squares about 9 inches wide, in a variety of colors. Write the words *coins, paper money, checks,* and *credit cards* on the chalkboard. Then have the students copy each term at the top of a different colored square using their crayons. **Optional:** For younger students write the word on the squares before distributing them to the students.

4. Provide copies of Activity Sheet 3.1: *Pocket Change*, Activity Sheet 3.2: *Paper Money*, and Activity Sheet 14.2: *Checks and Credit Cards*. Have the students color, cut out, and paste these items on the appropriate squares. **Optional:** For older students, use a transparency of Activity 14.2, and demonstrate how checks are written. Have the students complete their checks before attaching them to the *Pay Box* square.

5. Have the students fold the squares in half and partially reopen them so that they form a 90° angle. Tell them to stand the squares up on their desks. Demonstrate how the four squares can be fitted together back-to-back to form one square shape, as in the illustration. Have the students glue the backs of the four squares together to make their own *Pay Boxes.*



6. After the boxes have been constructed, review the ways consumers pay for things, making up a sentence to describe someone using each one. (For example, *Jennifer put 25 cents into a gum machine.* Or, *Jeff's mother bought him some new tennis shoes and put the purchase on her credit card.*) Then have the students find the corresponding portion of their pay boxes to show each method of payment. This can be a good way for teachers to evaluate the students' understanding of these concepts.

7. Pay Boxes can be displayed on tabletops around the classroom.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **If you want a toy with a price of $1.00, and you have only 50 cents, how could you satisfy your want now?** (*Borrow 50 cents.*)
2. **If you borrow money to pay for a good or service today and agree to pay for it with the income you earn in the future, what are you using?** (*Credit.*)
3. **When you get money and do not spend it, but put it away to spend later, what are you doing?** (*Saving.*)
4. **Name four ways consumers can purchase goods and services.** (*Answers should include coins, paper money, checks, credit cards.*)
5. **If someone asks to borrow money from you and you agree, what kind of person do you want the borrower to be?** (*Responsible.*)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others may be found on our web site, **www.ncee.net.**

Physical Education Connection:

Explain to the students that people often use the letters IOU to mean "I owe you." Pantomime motions for "I" (point to yourself with both hands), "O" (make a circle with both arms), and "U" (point out and away from yourself with both hands). Then teach them the cheer below. Have them make up other motions and jumps for the other parts of the cheer. Discuss with the students the meaning of the words in the cheer, and review the costs and benefits of paying back or not paying back what it owed.

IOU, IOU
Credit!—Don't let it!
Catch you by surprise!
Pay back what someone
lends you.
You'll be more
credit-wise!

IOU, IOU
Pay it!—Don't delay it!
Should be the choice
you make.
Don't forget, with credit
You must pay back
what you take.

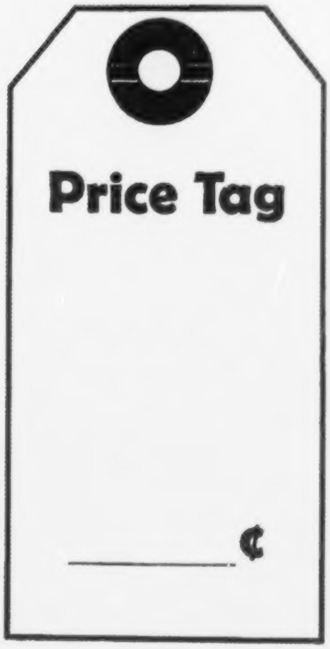
IOU, IOU
I lend it!—You spend it!
Your credit's good
with me!
I trust you will remember
Your responsibility!
IOU, IOU

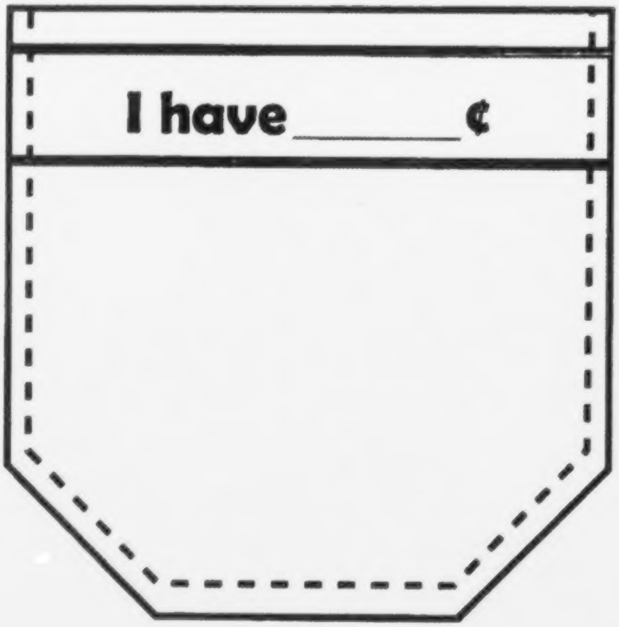
Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

ACTIVITY SHEET 14.1

Buying Wild Wants





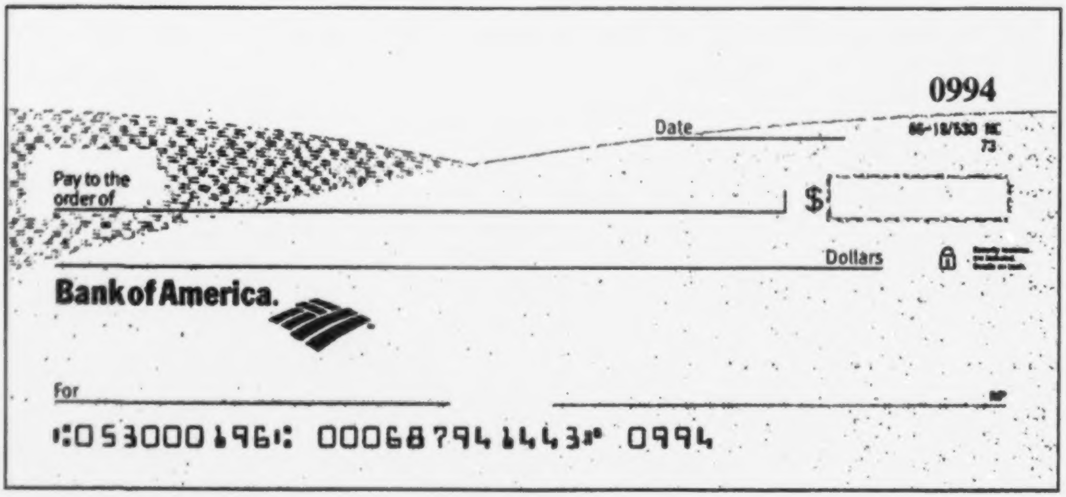
Borrowing Box

I will borrow _________ ¢

Financial Fitness for Life: Pocket Power Teacher Guide, ©National Council on Economic Education

ACTIVITY SHEET 14.2

Checks and Credit Cards



0994

Date

66-19/530 NC
73

Pay to the order of

$

Dollars

Bank of America.

For

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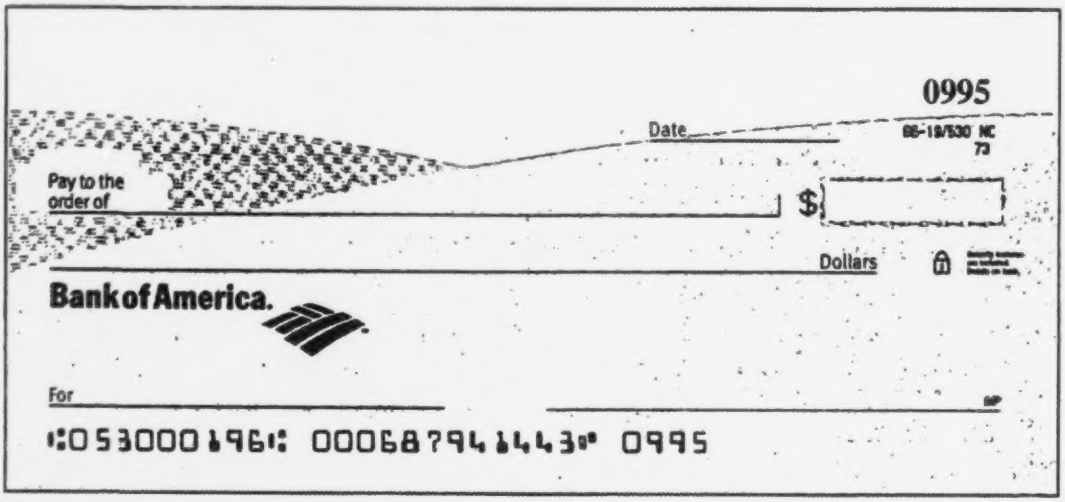

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Date

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Pay to the order of

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Bank of America.

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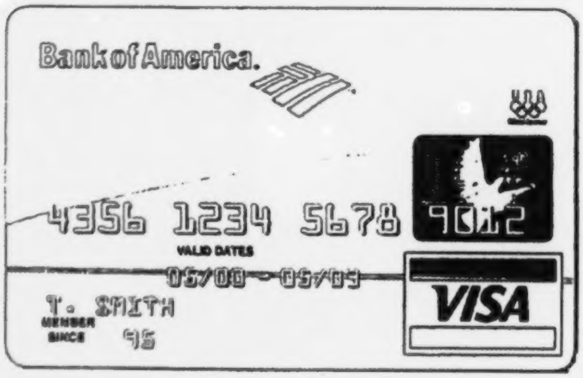

Bank of America.
USA
4356 1234 5678 9012
VALID DATES
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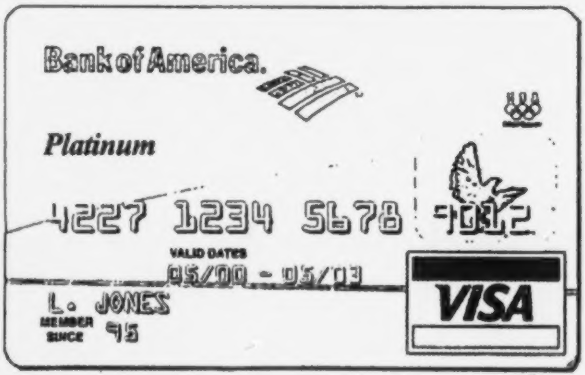
T. SMITH
MEMBER SINCE 95
VISA



Bank of America.
USA
Platinum
4227 1234 5678 9012
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L. JONES
MEMBER SINCE 95
VISA

ASSESSMENT

Lessons
12-14

Borrowing is Serious Business

For Younger Students ***(kindergarten through grade 1):***
Using the directions given below, administer Test I only.

For Older Students ***(grades 1 and 2):***
Use Test I and Test II. Even if students are good readers, the teacher should read the questions aloud and allow time for the students to circle the correct pictures. (This is to be certain that you are testing economics concepts, not reading skills.) Use the directions given below for Test I.

DIRECTIONS FOR TEST I

For each row, read the following statements aloud to students. If necessary, identify the pictures.

♥ 1. Put your finger on the heart. On this row, circle the picture that shows someone who needs to borrow.

☺ 2. Put your finger on the happy face. On this row, circle the picture that shows someone who is borrowing.

➡ 3. Put your finger on the arrow. On this row, circle the picture that shows someone who is lending.

☐ 4. Put your finger on the box. On this row, circle the picture that shows someone paying with credit.

☾ 5. Put your finger on the moon. Billy borrowed a dollar from his mom. On this row, circle the picture that shows Billy paying back what he owes.

DIRECTIONS FOR TEST II

Part A. Read the words under each picture to be sure that students know that the pictures represent checks, paper money, coins, and credit cards. Read these directions to students: "Listen carefully while I read some sentences about people who are spending money. Draw a line from the number of the sentence to the picture that shows how someone in the sentence is spending."

1. Ricky put 50 cents in the machine to get a piece of candy.

2. Mom took out her checkbook to pay the clerk for my new tennis shoes.

3. Andrea took a five dollar bill from her purse to buy the new book she wanted.

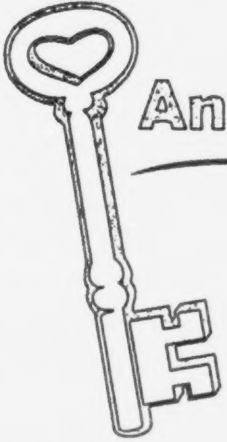
4. Marcus spent all five of his new quarters playing the video game machine.

5. Ms. Green pushed her card through the slot on the gas pump, and then filled her gas tank.

6. Patricia gave the clerk a dollar bill to pay for her drink.

Part B. Pretend that you have some money that you will lend to someone. Listen while I read some sentences about people who want to borrow your money. Think about whether they are *responsible* borrowers. Circle the happy face in the box if you would *trust* that person enough to lend him or her your money. Circle the sad face in the box if you would not trust the person and would not lend your money.

1. **Ryan has always paid back anything he borrowed from you or anyone else.**
2. **Chris is a nice person but sometimes he forgets about what he has borrowed.**
3. **Allison is only four years old and she doesn't understand why people borrow money.**
4. **Vickie pays back what she borrows, and always says "Thank you for lending that to me."**
5. **Joseph often borrows things and almost never gives them back.**
6. **Shontel doesn't borrow anything unless she has to, and she will pay you back as soon as she can.**



Answer Key

TEST I:

(Heart Row) –
(b) *the child with empty pockets*

(Happy Face Row) –
(c) *someone checking out a library book*

(Arrow Row) –
(a) *a student giving someone else a pencil*

(Box Row) –
(c) *the hand with a credit card in it*

(Moon Row) –
(b) *Billy giving his mom a dollar*

TEST II:

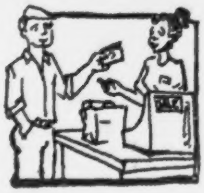
A. 1. coins
2. check
3. paper money
4. coins
5. credit card
6. paper money

B. 1. ☺ (happy face)
2. ☹ (sad face)
3. ☹ (sad face)
4. ☺ (happy face)
5. ☹ (sad face)
6. ☺ (happy face)

TEST I

NAME: ______________________________

1. Circle the picture that shows someone who needs to borrow.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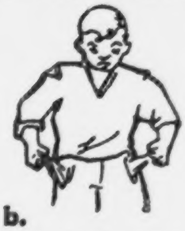
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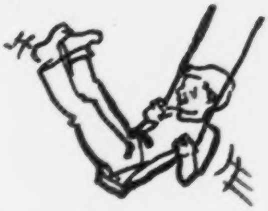
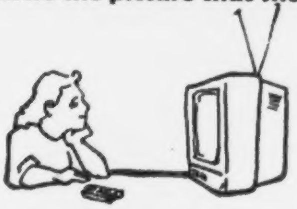

c.

2. Circle the picture that shows someone who is borrowing.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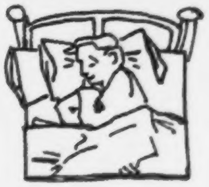
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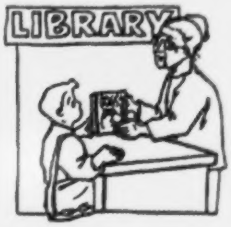
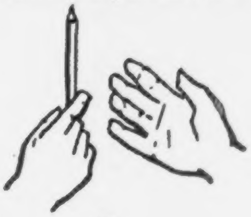


c.

3. Circle the picture that shows someone who is lending.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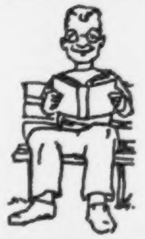
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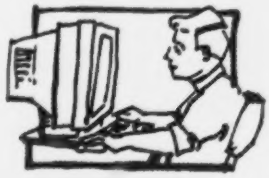
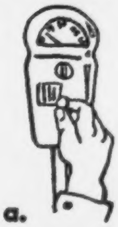

c.

4. Circle the picture that shows someone paying with credit.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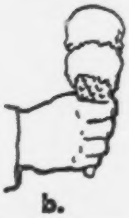
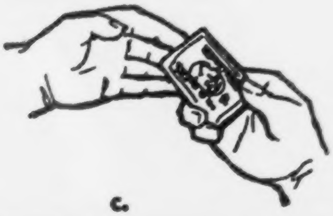
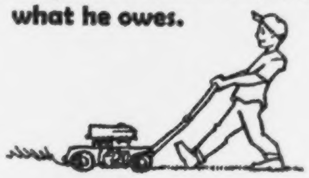

b.


c.

5. Billy borrowed a dollar from his mom. Circle the picture that shows Billy paying back what he owes.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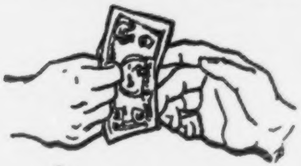
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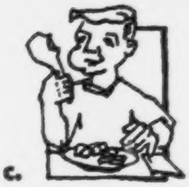
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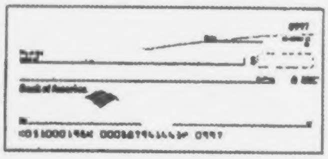
TEST II

NAME: ______________________________

A. Listen carefully while your teacher reads some sentences about people who are spending money. Draw a line from the number of the sentence to the picture that shows how someone in the sentence is spending.

1 **2** **3**



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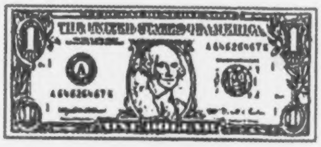
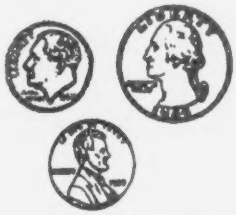
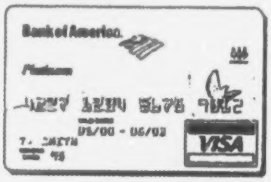


Paper Money



Coins



Credit Card

4 **5** **6**

B. Pretend that you have some money that you will lend to someone. Listen while your teacher reads some sentences about people who want to borrow your money. Think about whether they are responsible borrowers. Circle the happy face in the box if you would trust that person enough to lend him or her your money. Circle the sad face in the box if you would not trust the person and would not lend your money.

1 ☺ ☹	2 ☺ ☹	3 ☺ ☹
4 ☺ ☹	5 ☺ ☹	6 ☺ ☹

GET A PLAN: GET A GRIP ON LIFE
(MONEY MANAGEMENT)

THEME 5

LESSON 15

We Make A Budget

Story 15: A Budget for Nicholas

Fitness Focus

EQUIPMENT

- ✔ Storybook: ***Story 15 - A Budget for Nicholas***
- ✔ Activity Sheet 15.1: ***Budget Cards***
- ✔ Activity Sheet 15.2: ***Managing Dollars***
- ✔ Activity Sheet 11.3: ***Consumer Quarters***
- ✔ Scissors
- ✔ Message Pockets from Lesson 1

LESSON DESCRIPTION

Students participate in an activity in which they balance a budget by manipulating income and expense cards.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.

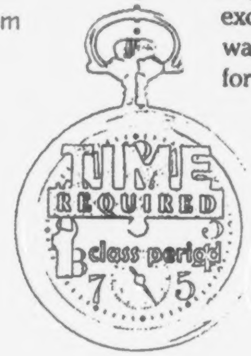
BACKGROUND

Periodic expenses are expenses that occur occasionally and for which people budget money. People earn income by exchanging their human resources for wages or salaries. People use income for consumption, and savings.

Student Objectives

At the end of this lesson, the student will be able to:

- ✔ Identify a budget as a list of income and expenses.
- ✔ Balance a simple budget.



ECONOMIC AND PERSONAL CONCEPTS

Money management, budget, balancing a budget

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 5 - *Get a Plan: Get a Grip on Life*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1:
Making a Budget for Nicholas

- Duplicate Activity Sheet 15.1: ***Budget Cards***, making one page per student.
- Duplicate Activity Sheet 15.2: ***Managing Dollars***, making one page per student.
- Duplicate Activity Sheet 11.3: ***Consumer Quarters***, making enough for each student to have 8 quarters. Cut the quarters apart to make a set of 8 quarters.
- Have each student use his or her message pockets made from Activity Sheet 1.1: ***Message Pockets***.

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 15 - A Budget for Nicholas.*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **Who were Nicholas and Pockets visiting?** *(Brian and his hamster Scamper.)*
2. **What did Brian suggest that Nicholas should buy for Pockets?** *(A maze for the cage.)*
3. **Why did Nicholas think it was not a good idea to ask his parents for a bigger allowance?** *(The television had broken, and his family had used vacation savings to replace it; he didn't think they had much extra money.)*
4. **Why was Nicholas excited when Christopher told him Penny called?** *(He thought she might want him to walk Ms. Green's dog on Thursdays, and he could earn some money.)*
5. **How much was Nicholas spending each month for food and bedding for Pockets?** *($4.00 for food and $3.00 for bedding, plus tax—nearly $8.00 in all.)*
6. **If he was spending $8.00 a month, how much did Mom say he was spending each week?** *(About $2.00 per week.)*
7. **To whom had he promised to give 25 cents a week?** *(The Children's Wing at the hospital.)*
8. **Who had asked Nicholas to help work in the yard?** *(His grandmother.)*
9. **Mom told Nicholas to make a list showing his expenses and his income. What did she call this list?** *(A budget.)*
10. **How had Nicholas shown he was a responsible person?** *(He had taken very good care of Pockets without being reminded.)*

EXERCISE

ACTIVITY 1 — Making a Budget for Nicholas

1. Recall the definition of budget that Mom gave Nicholas. (*A list showing his expenses and his income.*) Explain that this list helps people be better money managers.

2. Tell the students they will now help Nicholas learn to manage the money that comes into his pocket and goes out again. Have each student put his or her message pocket on the center of the desk, and pretend it is Nicholas's pocket.

3. Give the students a copy of Activity Sheet 15.1: *Budget Cards* and scissors. Have them cut the rectangles apart. Explain that the "Money in" cards show money coming into Nicholas's pocket, and the "Money out" cards show money going out of Nicholas's pocket. Tell them to put "Money in" cards on one side of their desks, "Money out" cards on the other side. Check to see if they have grouped the cards correctly.

4. Give each student a copy of Activity Sheet 15.2: *Managing Dollars* and a strip of eight quarters from Activity Sheet 11.3: *Consumer Quarters*. Ask:

- **What is the value of a quarter?** (*25 cents.*)
- **How many quarters are in a dollar?** (*Four.*)

5. Discuss the sources of Nicholas's income each week, and decide with the students how much income you think Nicholas will get from each source. As each amount is determined, have the students cut out that much money and place it on the corresponding picture. Remind the students they can use four quarters in place of one dollar. Tell them not to put any money on the "Extra Allowance Needed" picture yet, because they are not sure what he needs. Possible answers are:

- Nicholas will probably get $1.00 from his grandmother for yard work.
- Because he would walk only one dog, he will probably get no more than $1.00 a week.
- Nicholas's family had trouble getting enough money to buy a new TV, so he may not get more than two dollars per week as an allowance.

6. Not all classes will decide on the same amounts of income. Students in some areas are more affluent than those in other areas. Some students will not be accustomed to receiving an allowance at all, but may be receiving money only as it is needed. Adjust the suggested budget numbers in this lesson to fit the probable financial status of families in your school community. Be sure there will have to be an adjustment in the "Extra Allowance Needed" category to balance the budget.

7. After the class determines Nicholas's income, tell the students to take the money from each picture and put it into Nicholas's pocket (their message pockets).

8. Discuss the ways that Nicholas must allocate his income. Decide with the students how much Nicholas will probably spend in each category. Discuss the needs for these spending and saving decisions. Possible answers are:

- Nicholas must spend $2.00 per week to buy food and bedding for Pockets. To buy any toys and treats, as he wants to do, he will probably have to allow another dollar each week for those purchases.
- He has promised 25 cents each week to the Children's Hospital.
- He has been saving some coins each week to spend at holiday time to buy gifts for other people. *(If he saves 75 cents each week, along with the quarter for the Children's Hospital, that will equal one dollar.)*
- If he allows $1.00 per week for fun activities, this will be enough to go somewhere about once each month and pay for his own activities.

9. Have the students take the money out of the pocket and move the appropriate amounts to the pictures for each expense. The expenditures suggested above total $5.00 per week, and his suggested income above is only $4.00 per week. The students will find that he is short $1.00. This means he will need an additional dollar in income that could be from the "Extra Allowance Needed" category. Have the students move the money back to the income side and repeat the activity, but this time place a dollar on the "Extra Allowance Needed" card.

10. Tell the students that Nicholas must make the income side of his budget the same as the expense side of his budget to make it *balance*, which he can do by getting the additional allowance that he needs. Explain that if people find their budgets are like Nicholas's budget and do not balance, they must either find additional income, or they must cut down on their expenses to bring the budget into balance. If Nicholas's parents decided not to provide more income, he would have to reduce his expenses by $1.

COOL DOWN

Use the following questions to review the concepts presented in this lesson:

1. **What is a budget?**
   (A list of expenses and income.)
2. **What were sources of income for Nicholas?**
   (Allowance, helping Grandmother, and walking Ms. Green's dog.)
3. **What were Nicholas's expenses?**
   (Food, bedding, and treats for Pockets; gift to Children's Hospital; saving for holiday gifts; and spending on entertainment.)
4. **When is a budget balanced?**
   (When income is equal to expenses.)

Crosstraining

Crosstraining can be done in many ways. One example is given here. Others are available on our web site, **www.ncee.net.**

Music Connection:

Teach the students the following song and discuss how money comes and goes in a budget.

The Budget Song
(Tune: *Go Round and Round the Village*)

Verse 1:
Some money goes to spending.
Some money goes to spending.
Some money goes to spending.
As it has done before.

Chorus (after each verse):
Go in and out the budget,
Go in and out the budget,
Go in and out the budget,
That what the money's for.

Verse 2:
Some money goes to saving.
Some money goes to saving.
Some money goes to saving.
As it has done before.

Verse 3:
Some money comes from income.
Some money comes from income.
Some money comes from income.
As it has done before.

Verse 4:
Some money comes from credit.
Some money comes from credit.
Some money comes from credit.
As it has done before.

Other Training Equipment

An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*

ACTIVITY SHEET 15.1

Budget Cards

Money in:

Income from helping Grandma

Money out:

Spending money on Pockets

Money in:

Income from walking the dog

Money out:

Saving money for gifts

Money in:

Income from allowance

Money out:

Giving money to Children's Hospital

Money in:

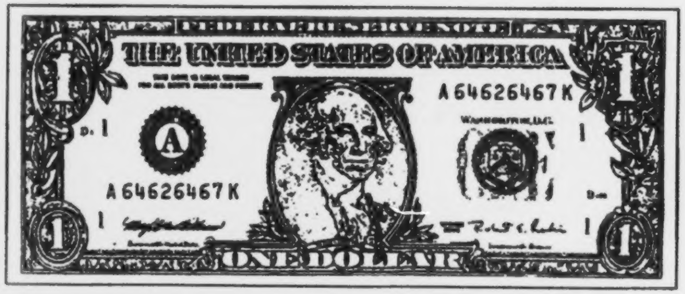
Extra allowance needed

Money out:

Spending money for fun

ACTIVITY SHEET 15.2

Managing Dollars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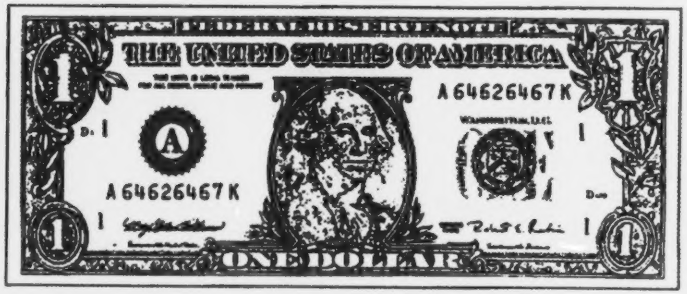
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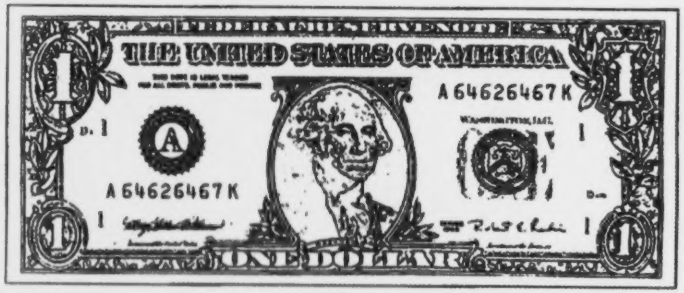
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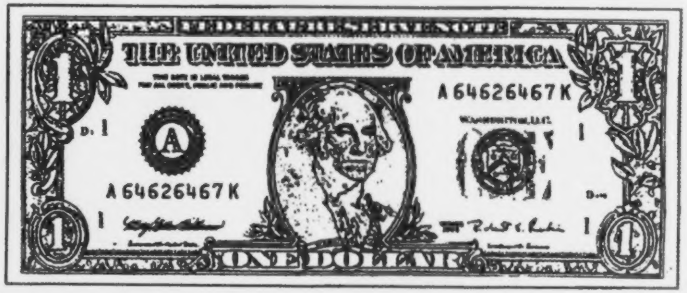
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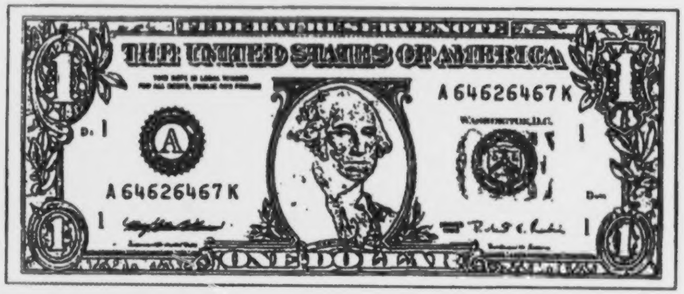
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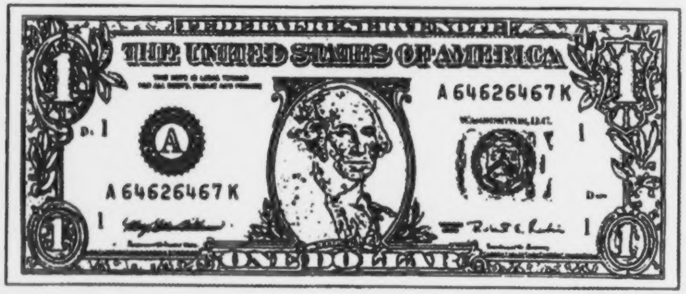
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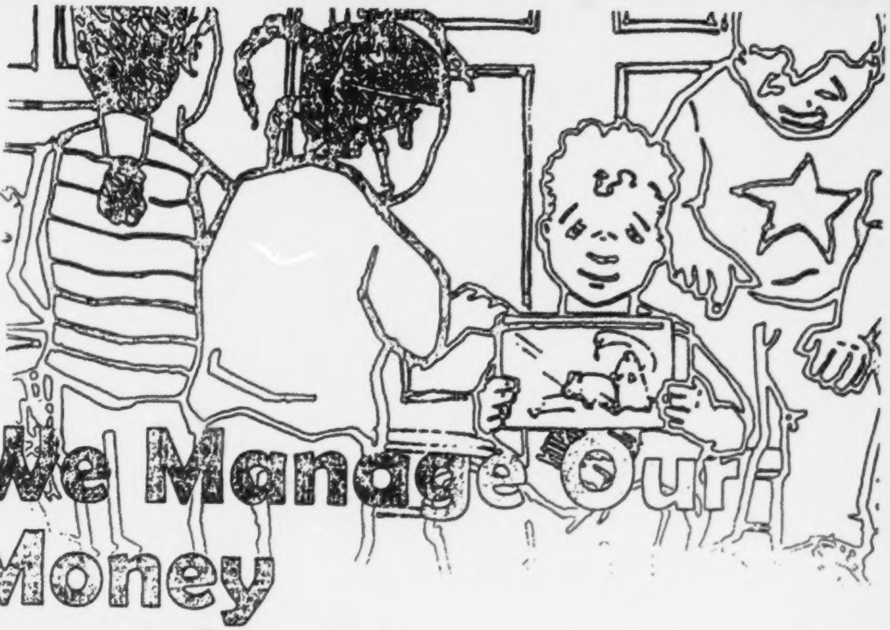
THEME 5 -
MONEY MANAGEMENT

LESSON

16



We Manage Our Money

Story 16: Success!

Fitness Focus

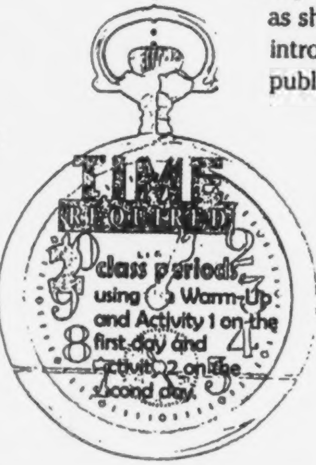
EQUIPMENT

- ✓ Storybook: *Story 16 - Success!*
- ✓ Activity Sheet 16.1: ***Money Management Cards***
- ✓ Activity Sheet 16.2: ***$mart Money Managers***
- ✓ Activity Sheet 16.3: ***Pocket Book Cover***
- ✓ Paper clip for each student
- ✓ Pencils and scissors
- ✓ Colored cardstock (2 sheets per student, plus about 8 more sheets)
- ✓ Plain white paper (4 sheets per student)
- ✓ Crayons and/or markers
- ✓ Optional: ribbon (about 4 to 8 inches per student)

LESSON DESCRIPTION

Students participating in a game demonstrate their knowledge of income, spending, saving, and credit decisions. They make individual books about money management and review previously taught concepts.

This lesson correlates with the national English language arts, mathematics, and economics standards and with the personal finance guidelines as shown in Tables 1-4 in the introductory section of this publication.



TIME REQUIRED

2 class periods, using the Warm-Up and Activity 1 on the first day and Activity 2 on the second day.

BACKGROUND

This culminating lesson reviews money management and other concepts dealt with throughout this book. Income, spending, saving, and credit are all components of money management.

Student Objectives

At the end of this lesson, students will be able to:

- ✓ Distinguish among decisions involving income, spending, saving, and credit.
- ✓ Demonstrate income, spending, saving, and credit decisions using stories and drawings.

ECONOMIC AND PERSONAL FINANCE CONCEPTS

Income, saving, spending, credit, money management

PARENT CONNECTION

The Parents' Guide to Pocket Power, Theme 5 - *Get a Plan: Get a Grip on Life*, contains background information for parents, some additional activities that parents can use with their children to reinforce learning, and a bibliography of appropriate children's literature.

GETTING READY!

A. FOR ACTIVITY 1: A Pocketful of Winners

On cardstock, duplicate Activity Sheet 16.1: ***Money Management Cards****, making one page per team of 3-4 students.*

- *On cardstock, duplicate Activity Sheet 16.2:* ***$mart Money Managers****, making only one badge per student. Optional: Cut strips of ribbon about four inches long and attach one end of each strip to the back of each badge, so that it hangs down below the circular part of the badge. One or two ribbons may be added to each badge.*

B. For Activity 2: Pocket Books

- *On colored cardstock duplicate Activity Sheet 16.3: Pocket Book Cover, making one page per student.*

Workout

This symbol indicates that the lesson activity is suitable for all students in grades K-2.

This symbol indicates that the lesson activity may be challenging for some students in grades K-2.

WARM-UP

A. Using the storybook, read to the students *Story 16 - Success!*

B. Ask the students the following questions, or intersperse the questions while reading the story:

1. **What kind of work was Penny going to do for Ms. Kim?** (*Deliver seedlings to the neighbors.*)
2. **What did Penny call the money she was earning?** (*Income.*)
3. **Why was Penny trying to earn money?** (*She was saving to buy a new bicycle.*)
4. **Who was out riding a bicycle?** (*Maria.*)
5. **How much longer must Penny save before she has enough money to buy her bicycle?** (*About two months.*)
6. **Why had Brian come to see Nicholas?** (*To see how much Pockets, Nicholas's hamster, had grown.*)
7. **What other supplies did Nicholas have to spend his money on when he bought Pockets?** (*He bought a cage, food, and bedding.*)
8. **Why did Penny borrow money from Mr. Lopez?** (*Her wagon was broken and she needed a nut and bolt to repair it, but all her money was in her savings account.*)
9. **How was Penny going to repay Mr. Lopez?** (*She planned to repay him with some of the money she was earning by delivering plants for Ms. Kim.*)
10. **How was Nicholas's dad going to pay for the plants?** (*He said he would write a check.*)
11. **What did Nicholas say he had used to help convince his parents he needed a bigger allowance?** *(He had used a budget to show all the money he earns and all the money he spends.)*

EXERCISE

ACTIVITY 1 — A Pocketful of Winners

1. Divide the students into cooperative learning groups of 3 - 4 students each. Number the groups.

2. Draw a pocket on the chalkboard for each group, and write the number of the group above the corresponding pocket.

3. Give each group a set of the four cards from Activity Sheet 16.1: *Money Management Cards*. Explain that each card has a label and a picture describing an area in which people must manage their money: (1) Earning Income, (2) Saving Money, (3) Spending Money, and (4) Using Credit. Discuss an example of each. Have the groups hold up the cards for each area as it is discussed, to be sure they know which card matches each area.

4. Explain that groups will use their cards to show their answers to questions. Each group will decide whether the characters in the story are earning income, spending money, saving money, or using credit (borrowing or lending).

5. When they have decided, one student from each group will come to the front of the room with the one card that shows his or her group's answer to the question. Each group representative will keep the front of the card hidden until all group representatives are present, and then will tell why the group made that choice. Explain that the students should take turns being the representative, so that each student in the group has the same opportunity to bring the correct card to the front of the room.

6. Explain that when the group answer is correct, the group representative should place a tally mark in the group's pocket on the chalkboard.

7. Read the following short stories. Allow time for the groups to make their decisions. Have the group representatives present the group decisions, and then mark the results on the chalkboard.

   a. **Mrs. Larson sees an advertisement about buying two sweaters and getting one more for free. She decides to buy the sweaters. Is Mrs. Larson earning income, saving money, spending money, or using credit?** (*Spending money or using credit.*)

   b. **Mr. Fox takes some money to the bank and puts it into an account. He is planning to use the money to buy a car next year. Is Mr. Fox earning income, saving money, spending money, or using credit?** (*Saving money.*)

   c. **Michael needs a piece of paper, so he borrows a piece from Chris. He promises to give Chris a piece of paper tomorrow. Is Michael earning income, saving money, spending money, or using credit?** (*Using credit.*)

   d. **Miss King has a grocery list in her hand as she walks into the grocery store. Does she plan to earn income, save money, spend money, or use credit?** (*Spend money or using credit.*)

   e. **After Diane finished weeding Mr. Johnson's flower bed, she collected $2.00 from him and took the money home. Was Diane earning income, saving money, spending money, or using credit?** (*Earning income.*)

   f. **Sammy put six pennies into his penny bank. Was he earning income, saving money, spending money, or using credit?** (*Saving money.*)

   g. **Natasha has forgotten her lunch money and promises to pay for her lunch tomorrow. Is Natasha earning income, saving money, spending money, or using credit?** (*Using credit.*)

   h. **Barbara buys a box of candy for her grandmother. Is she earning income, saving money, spending money, or using credit?** (*Spending money or using credit.*)

   i. **After the barber cuts his hair, Mr. Cooper hands him money. Is the barber earning income, saving money, spending money, or using credit?** (*Earning income.*)

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j. Mrs. Mayes gave Terry money to buy a soft drink. Terry promised to pay Mrs. Mayes back tomorrow. Was Terry earning income, saving money, spending money, or using credit? (*Using credit.*)

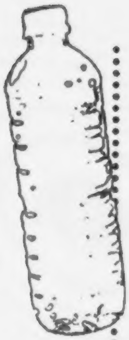
k. Maria puts money in an envelope in her desk drawer. Later when she has enough money, she will get the new hat she wants. Is Maria earning income, saving money, spending money, or using credit? (*Saving money.*)

l. Sarah made a pitcher of lemonade and took it out to her lemonade stand at the curb. Was Sarah planning to earn income, save money, spend money, or use credit? (*Earn income.*)

8. After the questions have been read and answered, help the students in each group add their tally marks and write the total under their pocket. Determine the winning group. Give each member of the first place group a badge from Activity Sheet 16.2: *$mart Money Managers*, along with a paper clip to fasten it to their clothing. Explain that they won this badge because they have learned so much about managing money. Then present badges to the second-place group, and give the same reason. Continue in this manner until all students in the class have received badges. Congratulate the entire class on becoming *$mart Money Managers.*

ACTIVITY 2 — Pocket Books

1. As a review of all activities in *Pocket Power*, have the students raise their hands if they remember an economics term or a money management word from the Pocket Power lessons. As students respond, write words on the chalkboard to create a word bank for the students to use. Review the meaning of each term listed. Check with the glossary of terms in the back of the book to provide a handy source for definitions of terms and to be sure important concepts are covered.
2. Explain that the students will make money management booklets, highlighting their ability to use economic terms. The booklets will have four chapters: (1) earning income, (2) spending money, (3) saving money, and (4) using credit. Write these chapter headings on the chalkboard.
3. Distribute cardstock booklet front covers made from Activity Sheet 16.3: *Pocket Book Cover.* Have each students cut out the book cover and write his or her name on the blank line. Distribute another blank sheet of cardstock. Instruct the students to trace the front cover they have already made onto the other cardstock page and cut it out to make a back cover.
4. Distribute four sheets of plain white paper to each student. Have the students trace the pocket-shaped front cover again onto these pages and cut them out. Explain that these will be the pages for the chapters in the booklet. If the students can copy from the chalkboard, have them copy the chapter headings, putting one at the top on each page.
5. Distribute crayons or markers and instruct the students to write or draw a chapter description below the heading for each of the four chapters. Encourage them to include the economics terms in their sentences and/or pictures whenever possible. Provide extra paper for additional pages as needed.
6. While the students work on their pages, circulate and assemble their booklets, stapling their pages and covers together to make a book. (As an alternate procedure, holes can be punched and the pages can be laced together with yarn.)
7. Pair the students and have them read or explain their booklets to each other. Booklets may be displayed in the classroom library.



COOL DOWN

Use the following questions to review the concepts presented in this book and reviewed in this lesson:

1. **What is income?** (*Money received for doing work.*)
2. **Give examples of how people earn income.** (*Answers will vary.*)
3. **What is saving?** (*Putting aside money for the purpose of buying goods and services in the future.*)
4. **Give examples of why people save money.** (*Answers will vary.*)
5. **What is spending?** (*Using money now to buy goods and services.*)
6. **Give examples of why people spend money.** (*Answers will vary.*)
7. **What is credit?** (*Borrowing money from a lender to get goods and services now, and paying back the money in the future.*)
8. **Give examples of how people use credit.** (*Answers will vary.*)

Crosstraining

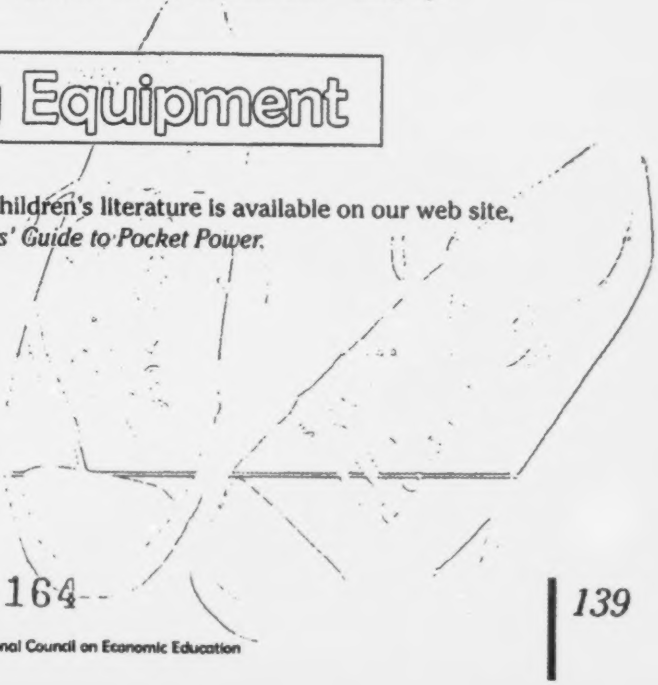
Crosstraining can be done in many ways. One example is given here. Others are available on our web site, **www.ncee.net.**

Physical Education Connection:

As the students review the concepts of income, spending, saving and credit, have them work on hand-eye coordination. Ask the students to stand or sit in a circle. Give four different-sized cards, each marked with *income, spending, saving,* or *credit*, to 4 of the students. Have the students pass the cards around the circle while playing music on a tape recorder. When you stop the music, the four students holding the items each share an example that represents one of the basic concepts, as indicated on the card the student is holding. For example, the student holding the card marked *income* could say "My mom works at the hospital;" the student holding the card marked *saving* tells about an example of saving. Continue the game. At the end of each round of the game, have the students pass the cards in the opposite direction while the music plays.

Other Training Equipment

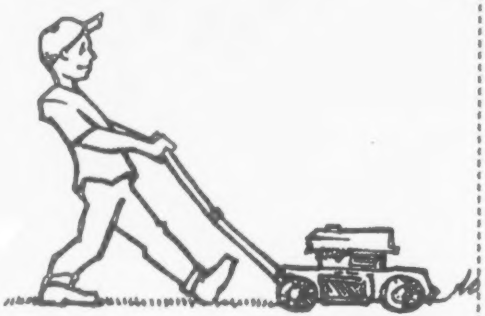
An annotated bibliography of related children's literature is available on our web site, **www.ncee.net**, as well as in *The Parents' Guide to Pocket Power.*



ACTIVITY SHEET
16.1

Money Management Cards

1. Income



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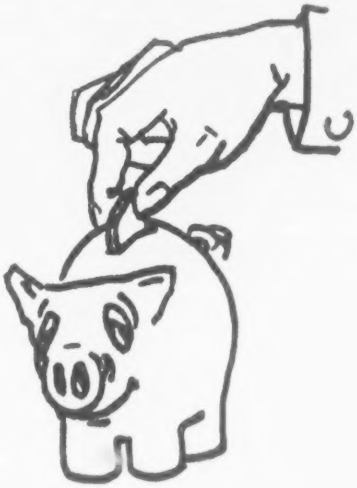

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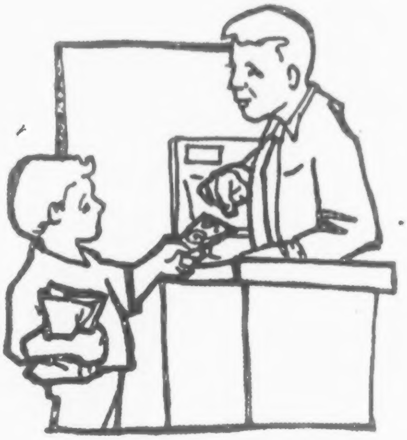

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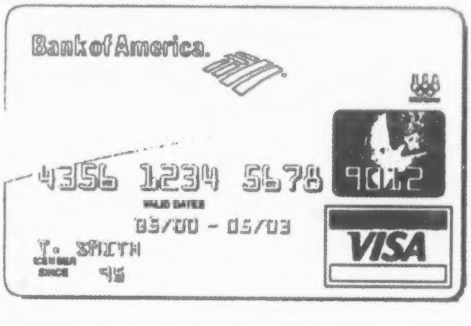
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ACTIVITY SHEET 16.2

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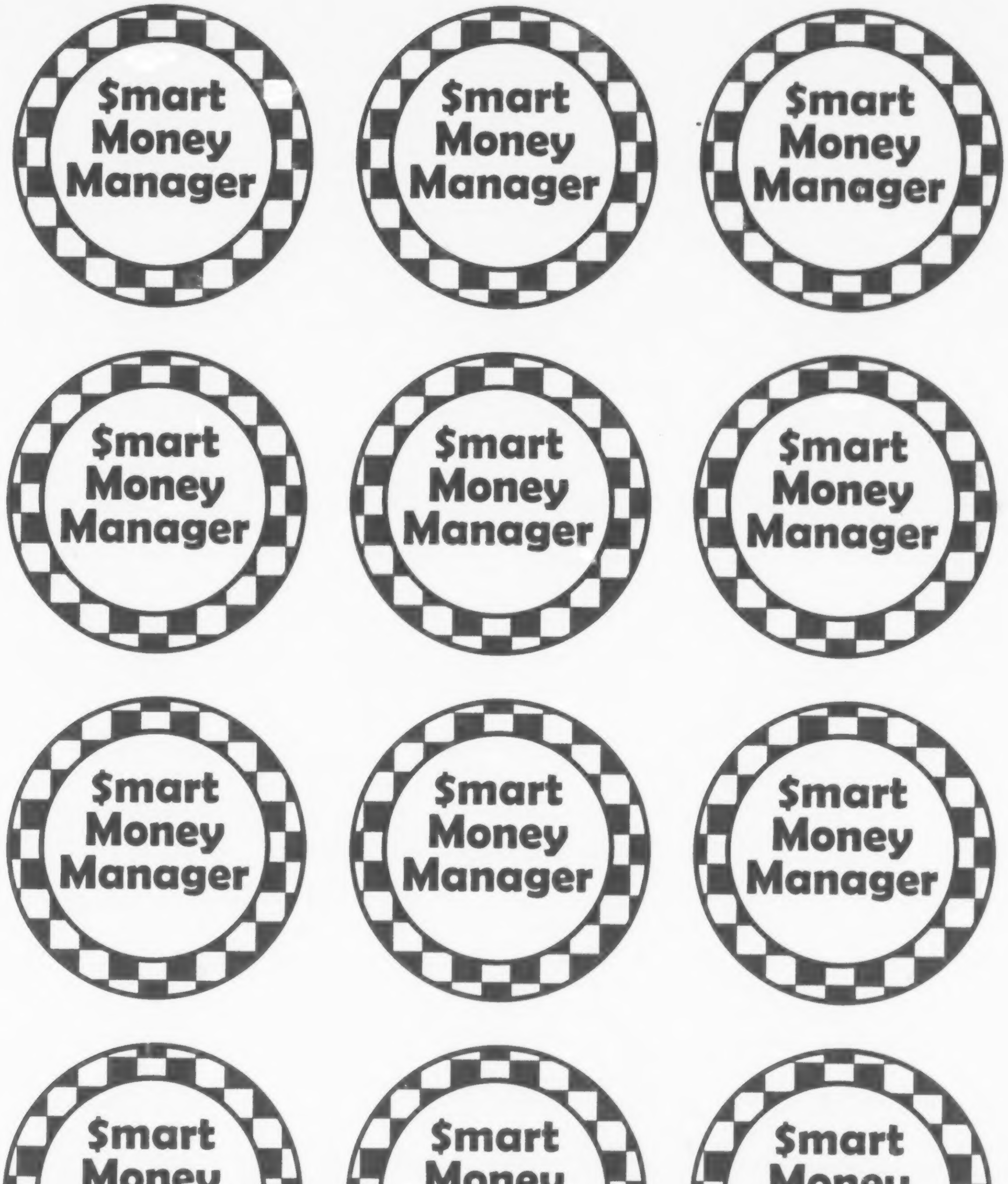
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ACTIVITY SHEET 16.3

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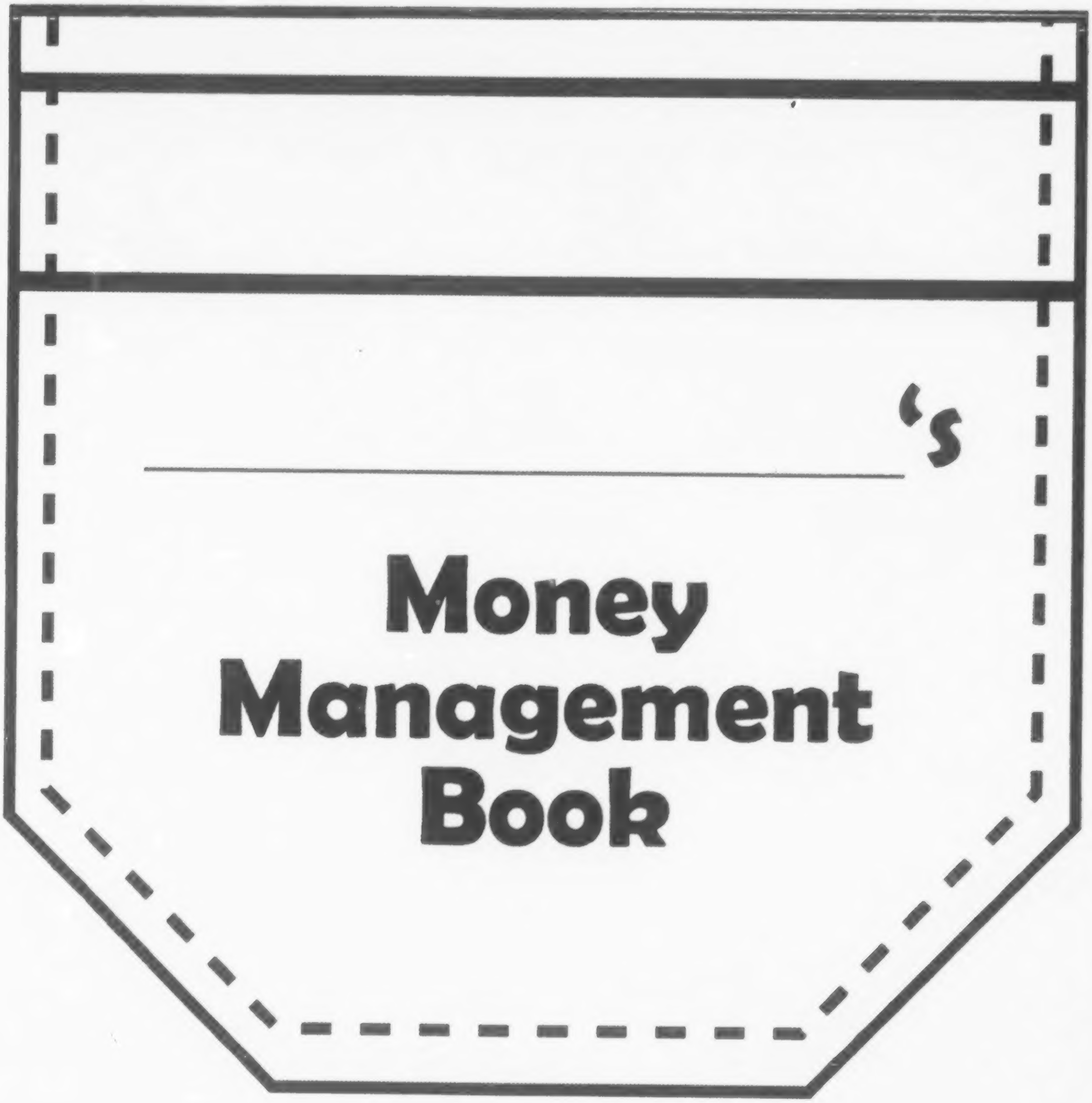
____________________'s
Money
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Book

ASSESSMENT

Lessons
15-16

Get a Plan:
Get a Grip on Life

For Younger Students *(kindergarten through grade 1):*
Using the directions given below, administer Test I only.

For Older Students *(grades 1 and 2):*
Use Test I and Test II. Even if students are good readers, the teacher should read the questions aloud and allow time for the students to circle the correct pictures. (This is to be certain that you are testing economics concepts, not reading skills.) Use the directions given below for Test I.

DIRECTIONS FOR TEST I

For each row, read the following statements aloud to students. If necessary, identify the pictures.

♥ 1. Put your finger on the heart. On this row, circle one way people get income.

☺ 2. Put your finger on the happy face. On this row, circle two pictures that show ways most people use income.

➡ 3. Put your finger on the arrow. On this row, circle the picture that shows an entrepreneur earning income.

☐ 4. Put your finger on the box. On this row, circle the person who is spending money.

☾ 5. Put your finger on the moon. Billy borrowed a dollar from his mom. On this row, circle the picture that shows Billy paying back what he owes.

DIRECTIONS FOR TEST II

Part A. Read the following to students and explain as necessary: Pretend your income is $10.00 each week. In the boxes show your budget. Draw or write where money might come from and where it could go.

Part B. Listen carefully as I read some sentences about people who are spending money. Put a "P" on the line if someone is making a planned spending decision. Put a "U" on the line if someone is making an unplanned spending decision.

1. Maria was out of paper at school. Dad gave her some money and she went to the store and bought some more paper.

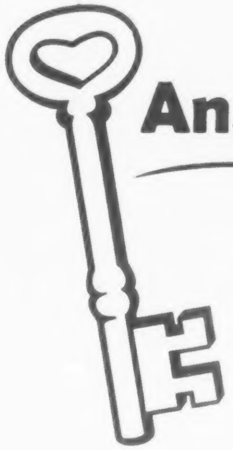
2. Penny had been saving money for a new bicycle. When her friend asked her to go to the movies, she took money out of her bank to buy a ticket right away.

3. David went to the mall to buy some special new tennis shoes. He saw a shirt he wanted and bought it. Now he doesn't have enough money for the tennis shoes he likes.

4. Juan was saving his money to go to the amusement park. He was so excited when he finally saved enough money and he got to go at last.

5. Robin was invited to a birthday party. She took some money from her special gift savings and went to the mall and bought the gift.

6. Shawn wanted a new computer game, but when he got to the store, he remembered that he had spent some of his money playing video games at the arcade. Now he didn't have enough money left to buy the computer game.



Answer Key

TEST I:

(Heart Row) –
(a) *mowing the lawn*

(Happy Face Row) –
(a) *saving*
(c) *spending*

(Arrow Row) –
(c) *the hot dog vendor*

(Box Row) –
(c) *someone buying item at the store*

(Moon Row) –
(b) *Billy giving Mom a dollar*

TEST II:

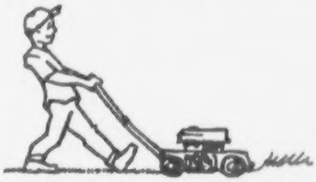
A. Answers will vary. Accept reasonable responses.

B. 1. P - (planned)
2. U - (unplanned)
3. U - (unplanned)
4. P - (planned)
5. P - (planned)
6. U - (unplanned)

TEST I

NAME:____

1. Circle a picture that shows one way people earn income.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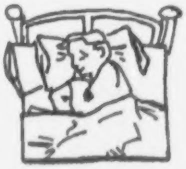
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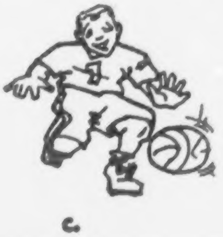
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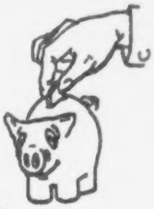
2. Circle two pictures that show ways most people use income.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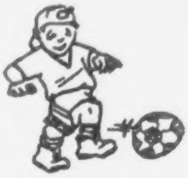
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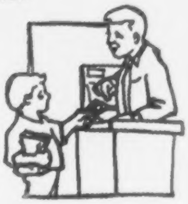
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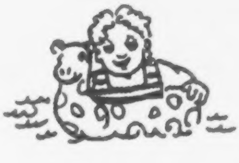
3. Circle the picture that shows an entrepreneur.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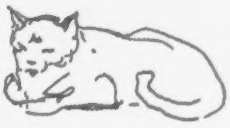
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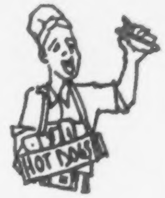

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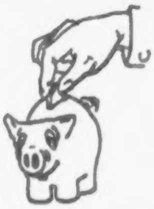
4. Circle the person who is spending money.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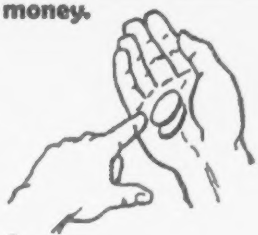
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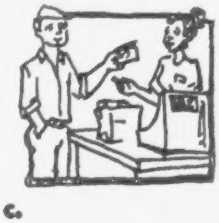
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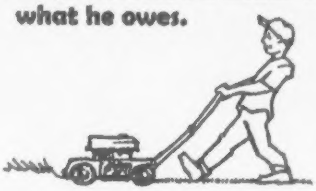
5. Billy borrowed a dollar from his mom. Circle the picture that shows Billy paying back what he owes.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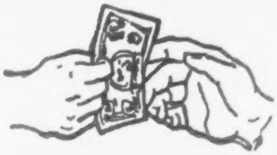
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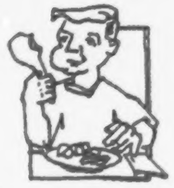
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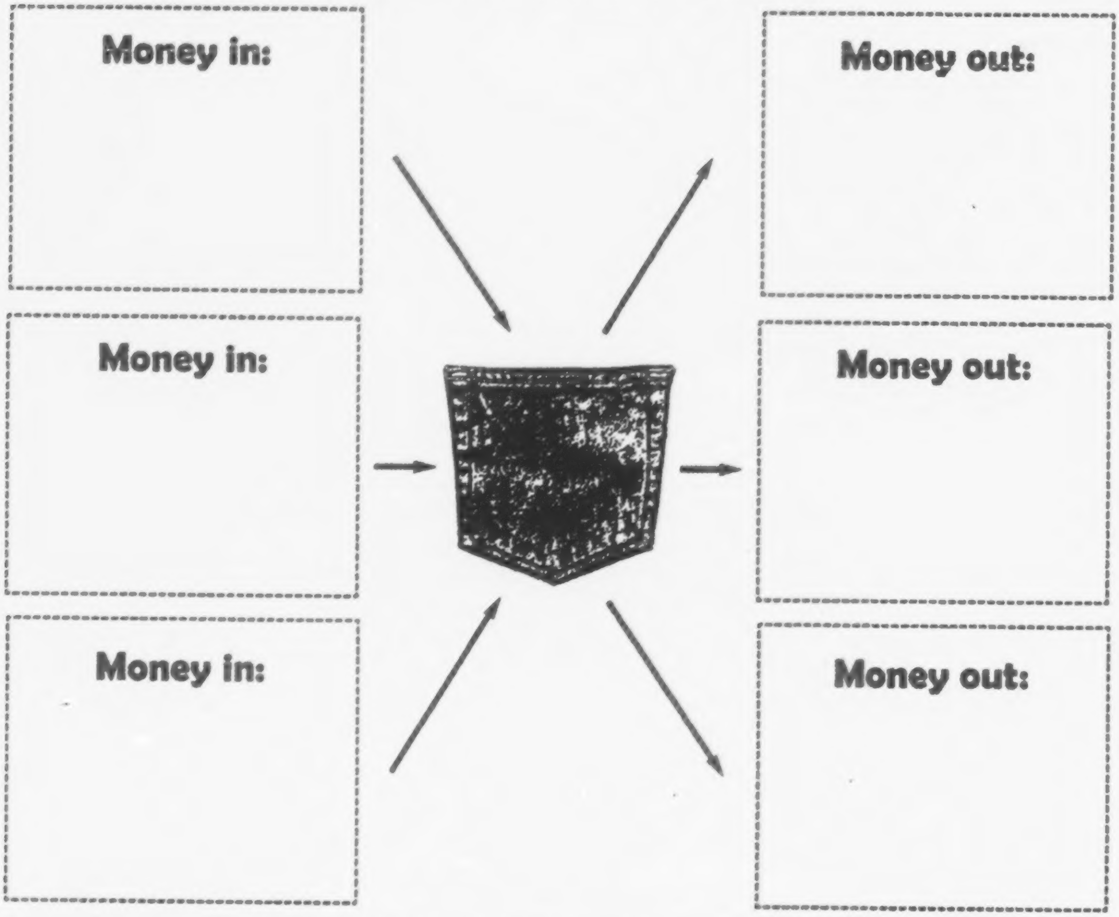
TEST III

NAME: ____

A. Pretend your income is $10.00 each week. In the boxes below show your budget. Draw or write where money might come from and where it could go.



B. Listen while your teacher reads some sentences about people who are spending money.

- **Put a "P" on the line if someone is making a planned spending decision.**
- **Put a "U" on the line if someone is making an unplanned spending decision.**

1. ______ **2.** ______ **3.** ______

4. ______ **5.** ______ **6.** ______

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GLOSSARY K-2

Economic Terms

advertising	information given about a product or service to encourage others to buy and use it (Lesson 11)
alternative	an option in a situation offering a choice (Lesson 4)
bank	a business that provides financial services such as cashing checks, making loans, and paying interest on savings (Lesson 5)
benefit	the good points of an alternative or choice (Lesson 4)
benefits and costs	the good and bad points associated with making decisions (Lesson 4)
borrow	to receive something with the intention of returning it (Lesson 12)
budget	a list showing income and expenses (Lesson 15)
capital resources	goods made and used to produce other goods and services (Lesson 2)
check	a written order directing a bank to pay money as instructed (Lesson 14)
choice	the decision made from alternatives (Lesson 3)
coins	government-issued pieces of metal that have value and are used to buy goods and services (Lesson 3)
consume	to use a good or service (Lesson 8)
consumer	a person who buys and/or uses goods or services to satisfy wants (Lesson 8)
costs	the bad points of an alternative or choice (Lesson 4)
credit	something entrusted to another, a loan (Lesson 12)
credit agreement	a promise to repay something that is borrowed (Lesson 12)
credit card	a card authorizing purchases now in exchange for payment later (Lesson 14)
decision	a conclusion reached after considering alternatives and their results (Lesson 3)
deposit	money put into a bank account (Lesson 5)

earn	to receive income for work performed (Lesson 1)
economic wants	desires that can be satisfied by consuming a good or service (Lesson 2)
entrepreneur	the human resource that assumes the risk of putting together other resources to make a good or service with the hope of making a profit (Lesson 2)
functions of money	the roles played by money in an economy including medium of exchange, standard of value, and store of value (Lesson 3)
gift money	money freely given, not earned (Lesson 1)
goods	objects that can satisfy people's wants (Lesson 2)
human resources	the quantity and quality of human effort directed toward producing goods and services (Lesson 2)
income	the gain, usually measured in money, that comes from different sources including work (Lesson 1)
interest	payments made for the use of borrowed money or received for loaned money (Lesson 15)
lend	to give for temporary use on condition that the same, or its equivalent be returned (Lesson 13)
money	anything that is generally accepted as a medium of exchange to buy goods and services, serves as a standard of value, and has a store of value (Lesson 3)
money management	a system for income and spending that allow for the achievement of financial and consumer goals (Lesson 15)
natural resources	"gifts of nature" that are used to produce goods and services including land, trees, fish, petroleum and mineral deposits, the fertility of soil, and climatic conditions for growing crops (Lesson 2)
opportunity cost	the next best alternative given up when a choice is made (Lesson 4)
planned spending	consideration of alternative choices before money is used (Lesson 10)
price	the amount that people pay when they buy a good or service (Lesson 9)
productive resources	things used by producers to make goods and services (Lesson 2)
saving	setting aside income, or money, for a future use (Lesson 4)
savings accounts	an account usually at a bank, where deposits and withdrawals can be made (Lesson 5)
scarcity	the condition that occurs because people cannot have all the goods and services they what, resulting from the imbalance between relatively unlimited wants and limited resources (Lesson 6)
services	activities that can satisfy people's wants (Lesson 2)
spending	using earnings or money to buy goods and services (Lesson 4)

unplanned spending	compulsive or impulsive use of money with little or no consideration of alternative choices (Lesson 10)
value of money	the ability of money to buy goods and services (Lesson 3)
withdrawal	removing money from an account (Lesson 5)
work skills (human capital)	skills, abilities, and knowledge that a person uses to do work (Lesson 1)
workers (producers)	people who produce goods and services (Lesson 1)

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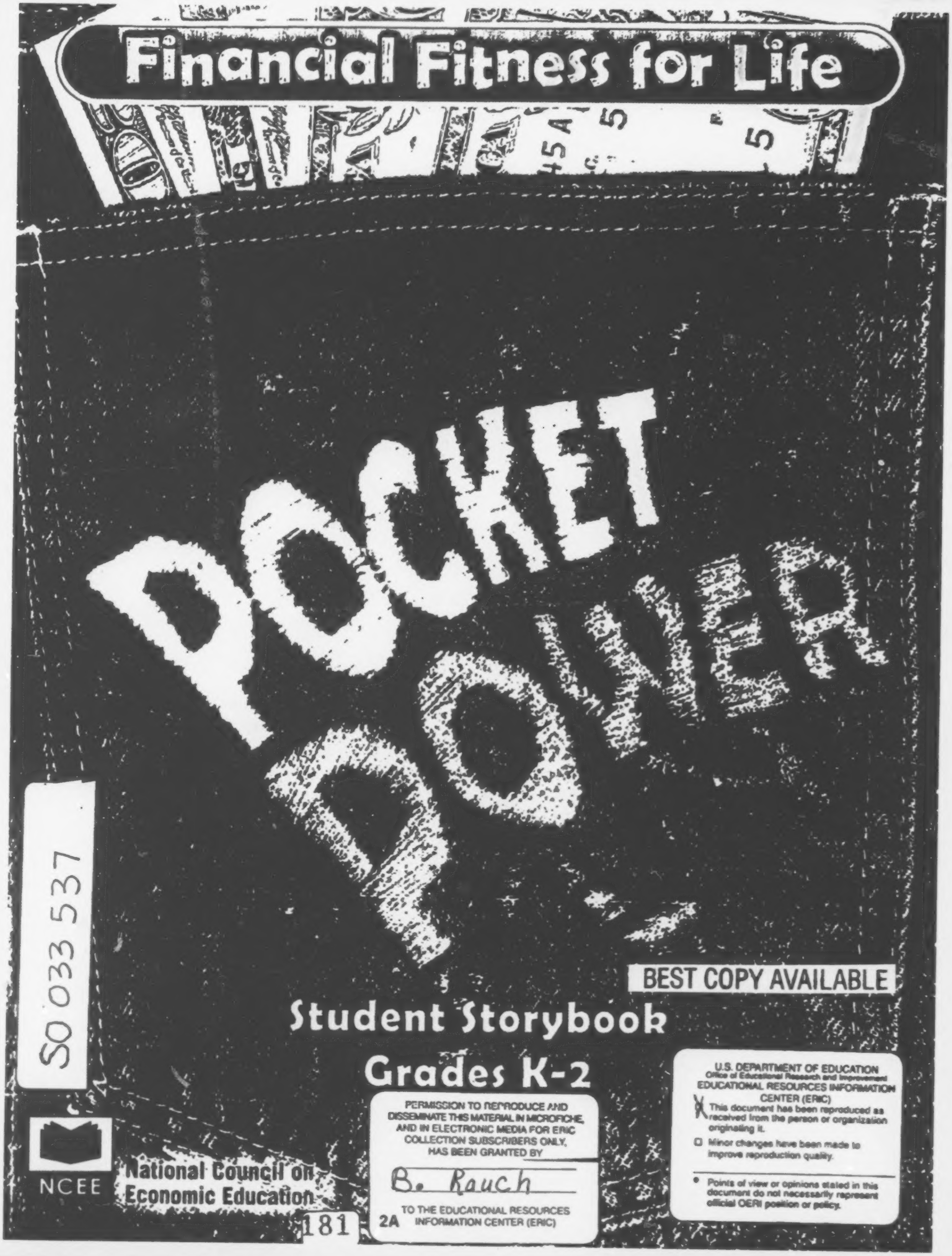

Financial Fitness for Life

POCKET POWER

Student Storybook

Grades K-2

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Financial Fitness for Life

Penny and Nicholas:
The Pocket Power Kids

For Grades K-2

Martha C. Hopkins
Donna K. Wright

NCEE

National Council on Economic Education

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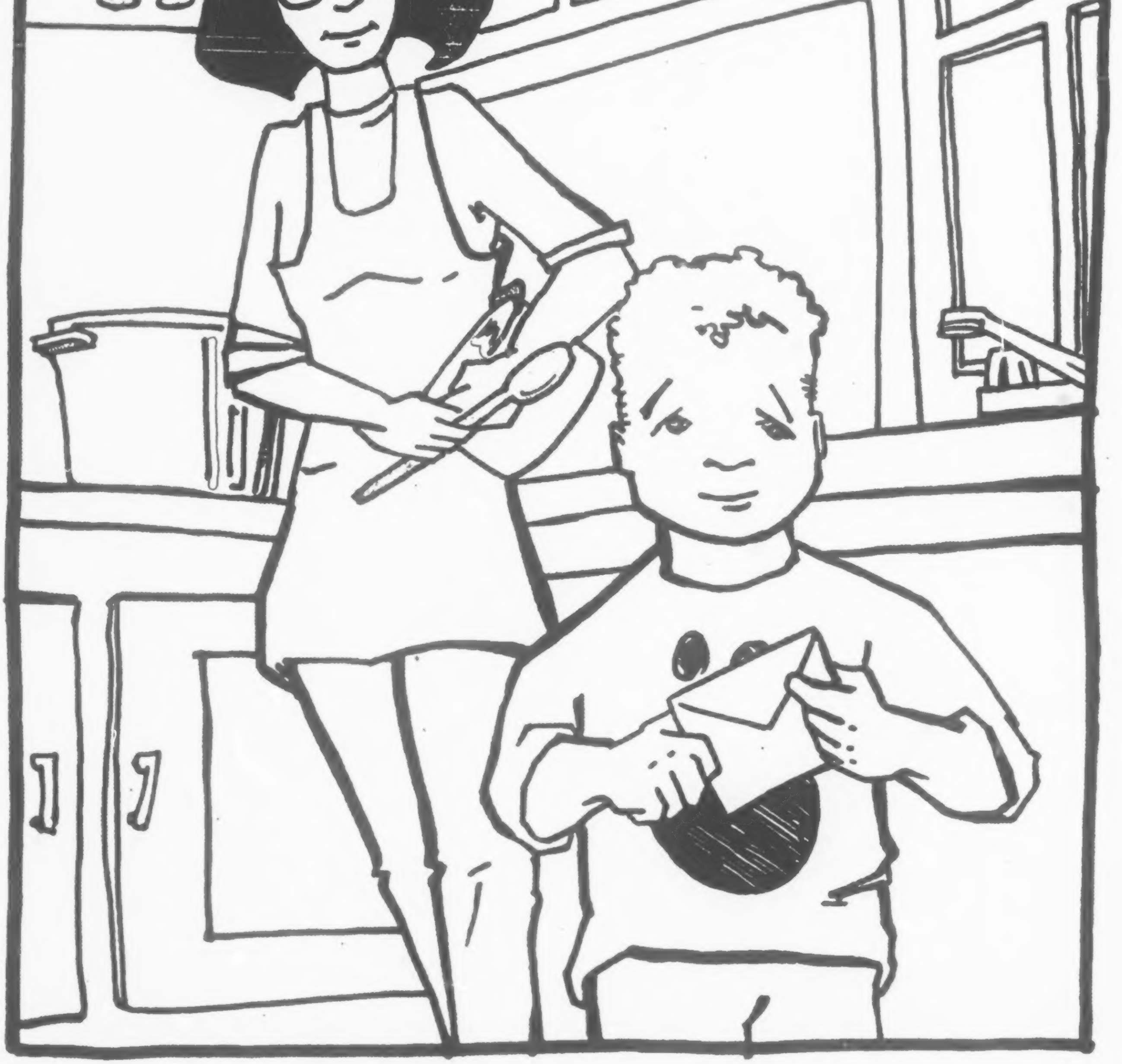
These stories correlate with the lessons in Pocket Power for Grades K-2.



Story 1

A Very Good Day

Nicholas had a good day. When he walked into the kitchen, he saw his mom cooking. Good smells filled the air as she prepared dinner. When she saw him, she smiled and moved over to the other side of the room to wipe off her hands. Nicholas watched her. He wondered why she was smiling. When Mom turned around to face him, she smiled again and said, “Nicholas, I have a surprise for you in my pocket. Would you like to reach in and see what it is?”

Nicholas reached into mom’s apron pocket and pulled out an envelope. As he examined it, he found his name on the front. “What is this for?” he asked.

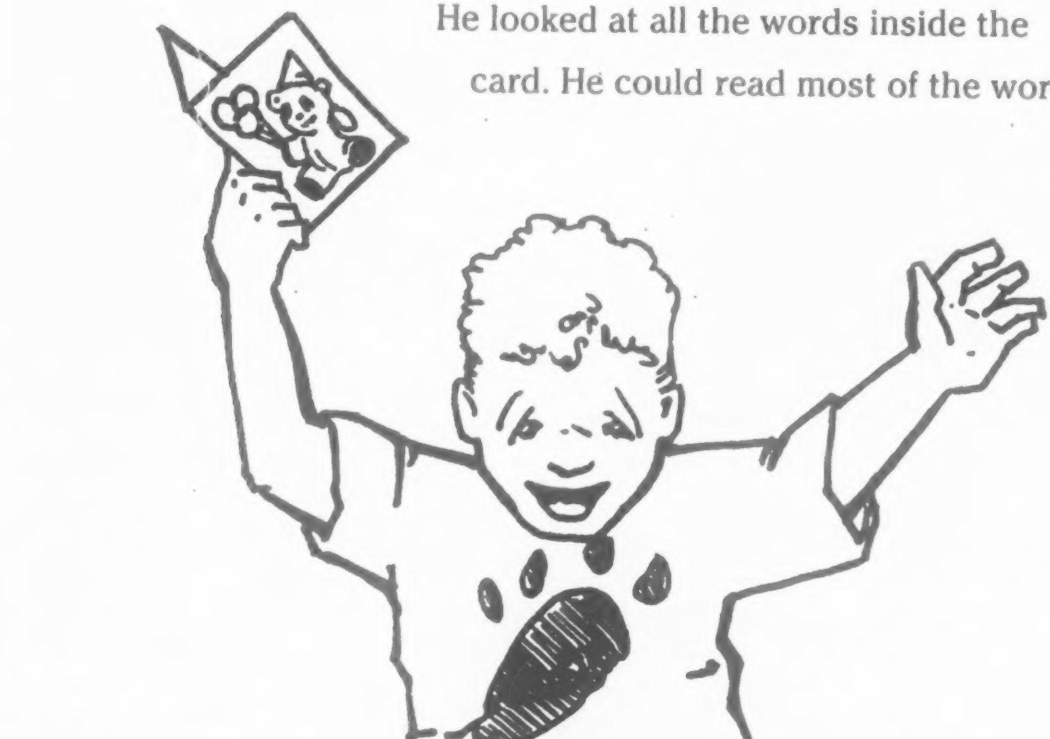
“It’s something for you. Why don’t you open it? A special neighbor dropped it off for you. Do you think it could be a birthday card? Remember, your birthday is Thursday.”

“Oh, Mom, I hope it’s a birthday card! I wonder who it’s from?” Nicholas opened the envelope and pulled out a birthday card with a teddy bear and some balloons on the front.

Financial Fitness for Life: Pocket Power Storybook, ©National Council on Economic Education

As he opened the card, some money fell out. He leaned over and picked it up; there were two five-dollar bills. He smiled and looked back at the card in his hand.

He looked at all the words inside the card. He could read most of the words,



and he saw the place where Ms. Kim had written her name at the bottom, under the words "Happy Birthday."

"Mom," said Nicholas, "the card is from Ms. Kim. And look what she gave me!"

Mom looked at the money and said, "Wow! Ten dollars! That's a nice birthday gift, Nicholas. Ms. Kim probably had to work hard to earn that much money. You know, she works at the flower shop to earn enough money to buy the things she wants. She must like you a lot to give you that much money."

Nicholas was on his way to a wonderful birthday. The first gift he received was money from his favorite neighbor, Ms. Kim. "This is a good day," Nicholas said to his Mom.

Down the street Penny was having a good day, too. She stood proudly in front of the mirror. She spun this way and that way, looking at herself in the mirror. Her new five-pocket jeans looked absolutely great!

"This has been a very good day," she said to her mom, who had been watching. Suddenly the doorbell rang and Penny ran to the door. When she opened the door, she and her mom were greeted by their neighbor, Mr. Lopez. "Look, Mr. Lopez! Look at my new jeans! They have five pockets. There are two in the back, two in the front, and one very little pocket right here near the belt. Do you like them?" Penny asked excitedly.

Mr. Lopez laughed when he heard the excitement in Penny's voice. "Yes Penny, I like your new jeans. Now you are Penny-with-the-five-pocket-jeans."

Penny thought for a moment and said, "I like that name—Penny-with-the-five-pocket-jeans."

Then Penny remembered that yesterday Mr. Lopez could not walk because he had sprained his ankle a week earlier. But today he was standing on her front porch. Penny said, "Mr. Lopez, you're walking!"

"Yes, Penny. The doctor said my ankle is better, and it's all right for me to walk on it. I've come to pay you for walking Peluche during the time I couldn't walk her myself. You helped me out when I needed someone to walk her. Here, Penny, take this money. You earned it by walking Peluche for me."

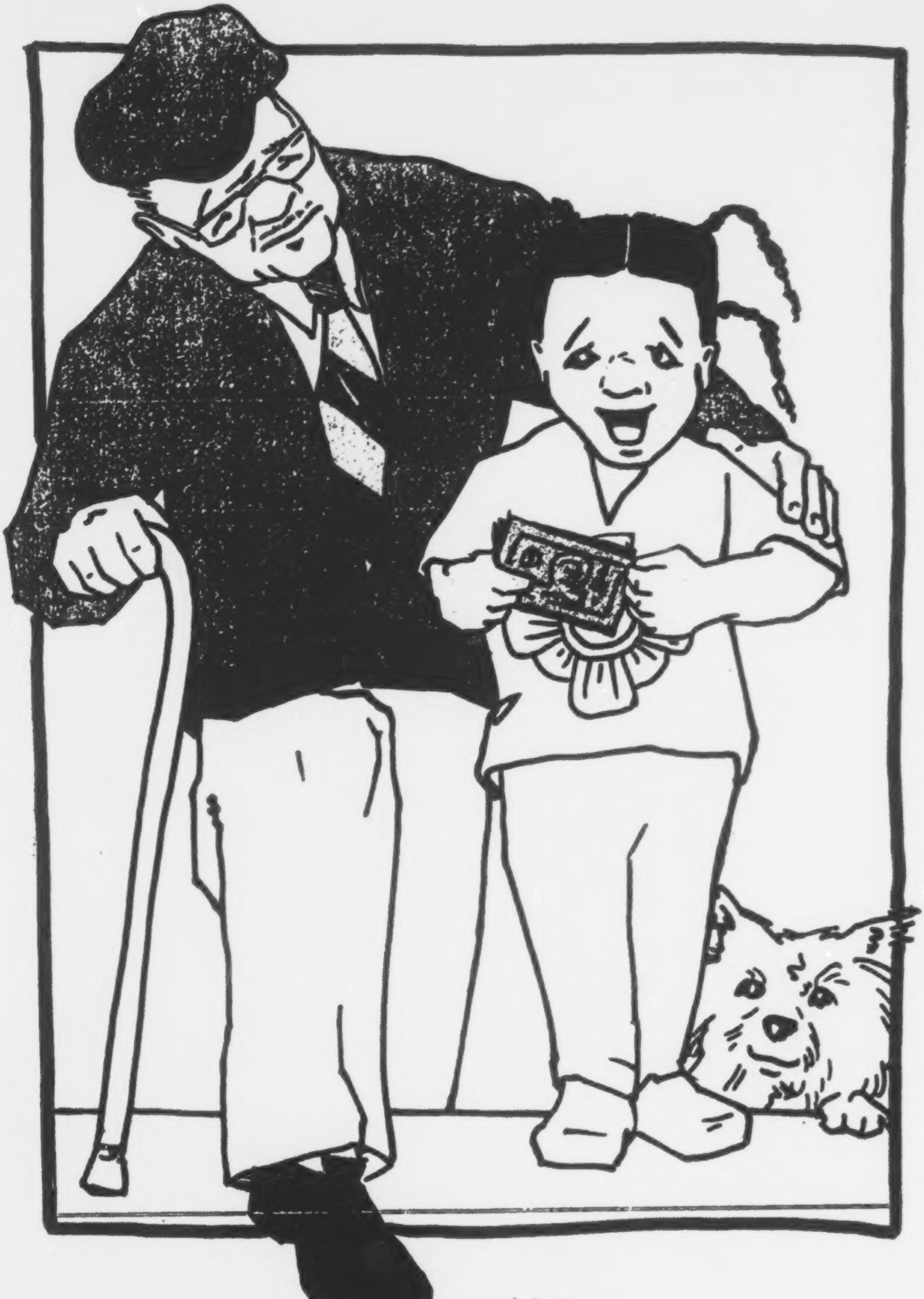
Penny stood tall and proud with the money in the palm of her hand and said, "Oh, Mr. Lopez, thanks for the money!" as she tucked the money into each of her front pockets. Penny thought to herself, "Why do I feel so good about myself right now? I've had money in my pockets before. Mom gave me money to spend at the carnival. Uncle Ralph gave me money when he came to visit last summer, and I got money for a present on my birthday." Then she said, "You know, Mr. Lopez, this money makes me feel special because I earned it myself!"

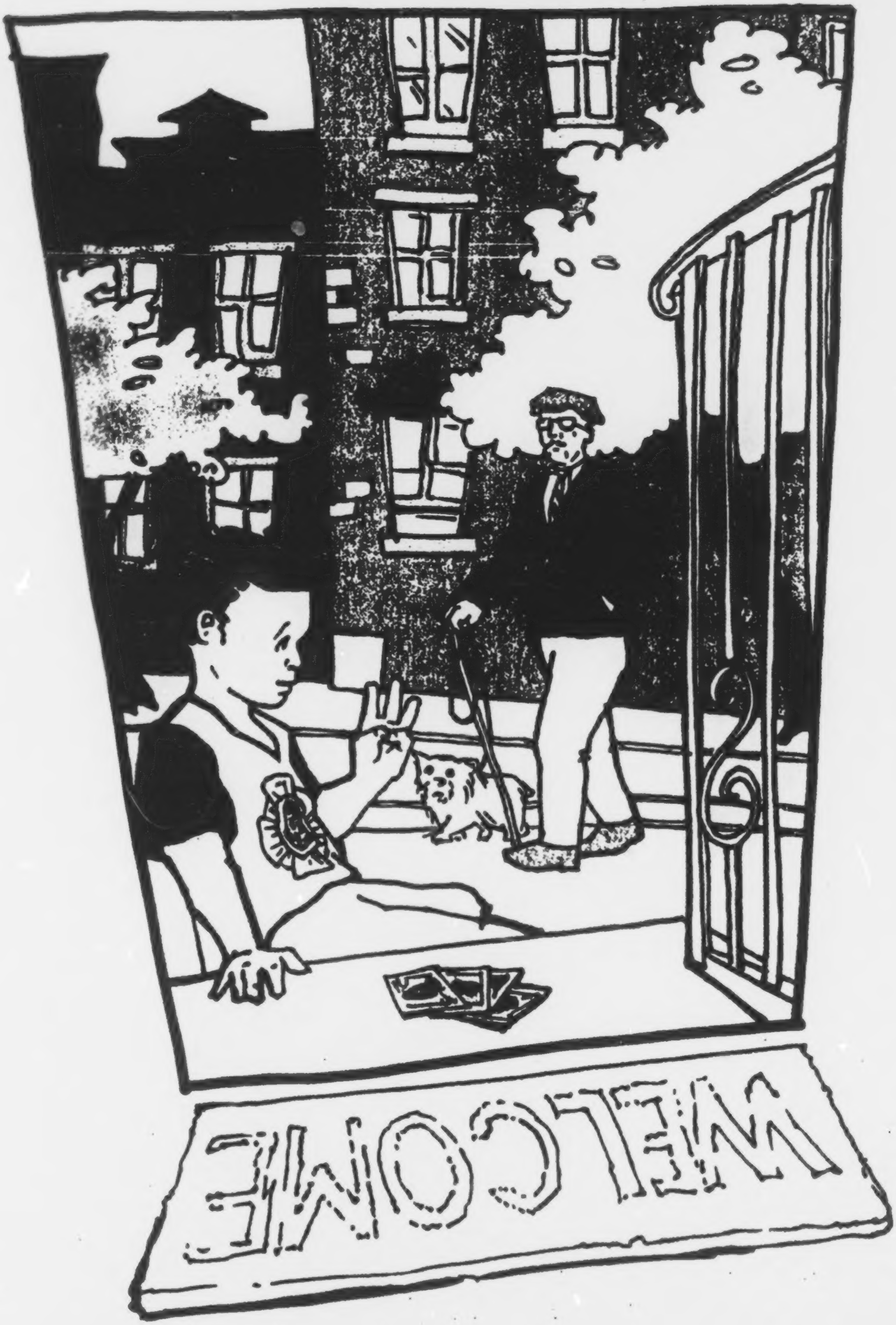
Mr. Lopez explained, "Penny, the money you earned is called income. Many people you know earn income—your teacher, the doctor, and your grandfather. They all earn income when they work, just as you did."

This was a good day. Penny had new five-pocket jeans, and she tucked away some money she earned into two of the pockets. This was the first time she had ever earned income.

Nicholas had also received money when Ms. Kim gave him ten dollars as a birthday gift.

Now both Penny and Nicholas would have many decisions to make about how to use their money.





WELCOME

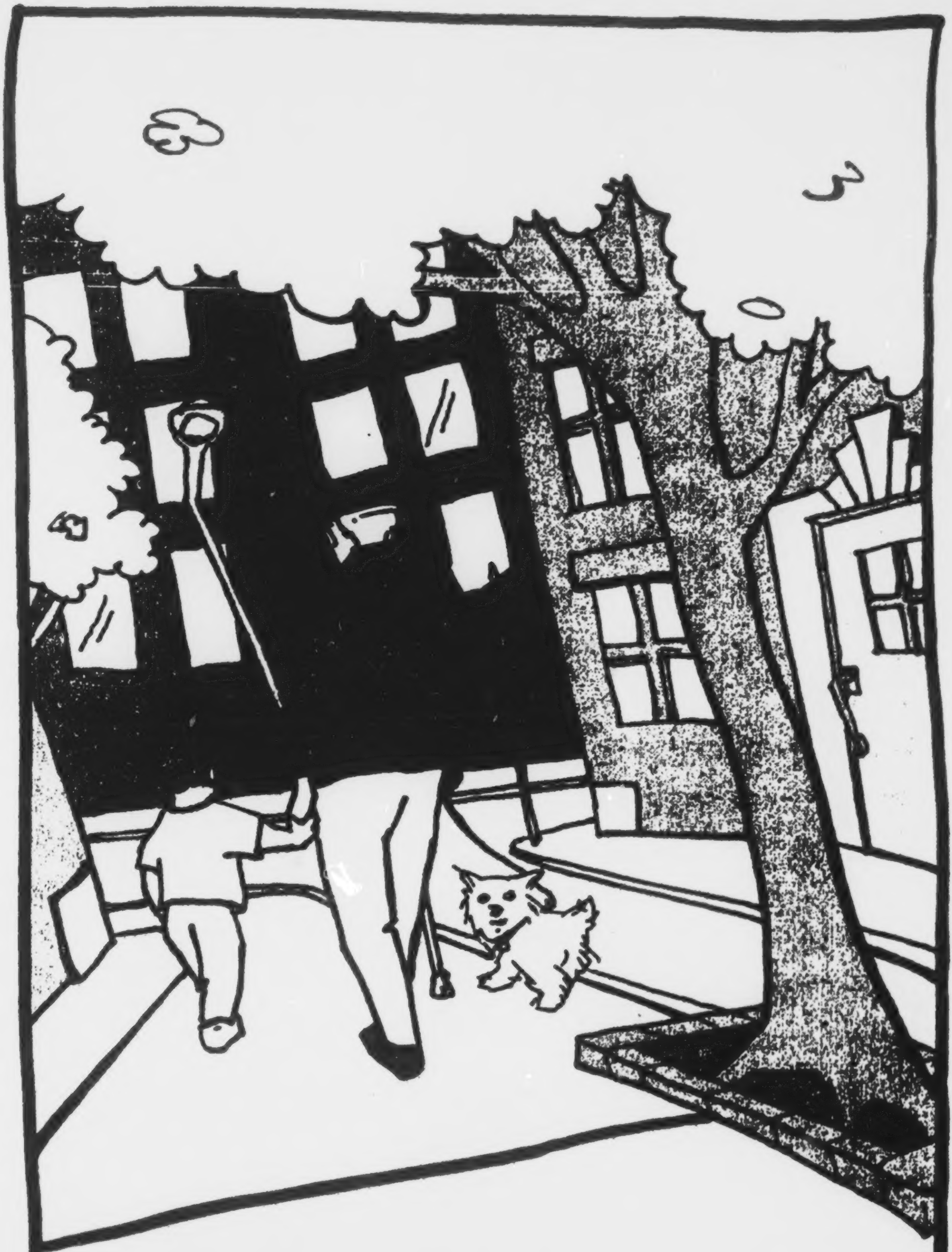
Story 2

Penny's New Business

Penny was sitting on her porch counting the money she had earned for walking Mr. Lopez's dog, Peluche. She was so proud of herself. Then she heard a bark and looked up to see Mr. Lopez and Peluche walking down the sidewalk toward her.

Mr. Lopez called out to Penny. "Do you want to join us? It's such a beautiful day. We've decided to go for a walk."

Penny carefully put her money into the pockets of her new jeans as she walked toward Mr. Lopez. She said, "You know, Mr. Lopez, I was just now counting the money I earned. It's the money you called my income because I earned it by working. I really like earning income. I sure wish I could earn some more. Do you need me to walk Peluche for you again?"



Mr. Lopez laughed, "No, Penny. I want to walk Peluche myself because I need to exercise my sore ankle. But you surely provided me with a valuable service by walking Peluche after I hurt my ankle. I was glad to pay you for that service."

"What do you mean by a service?" Penny asked.

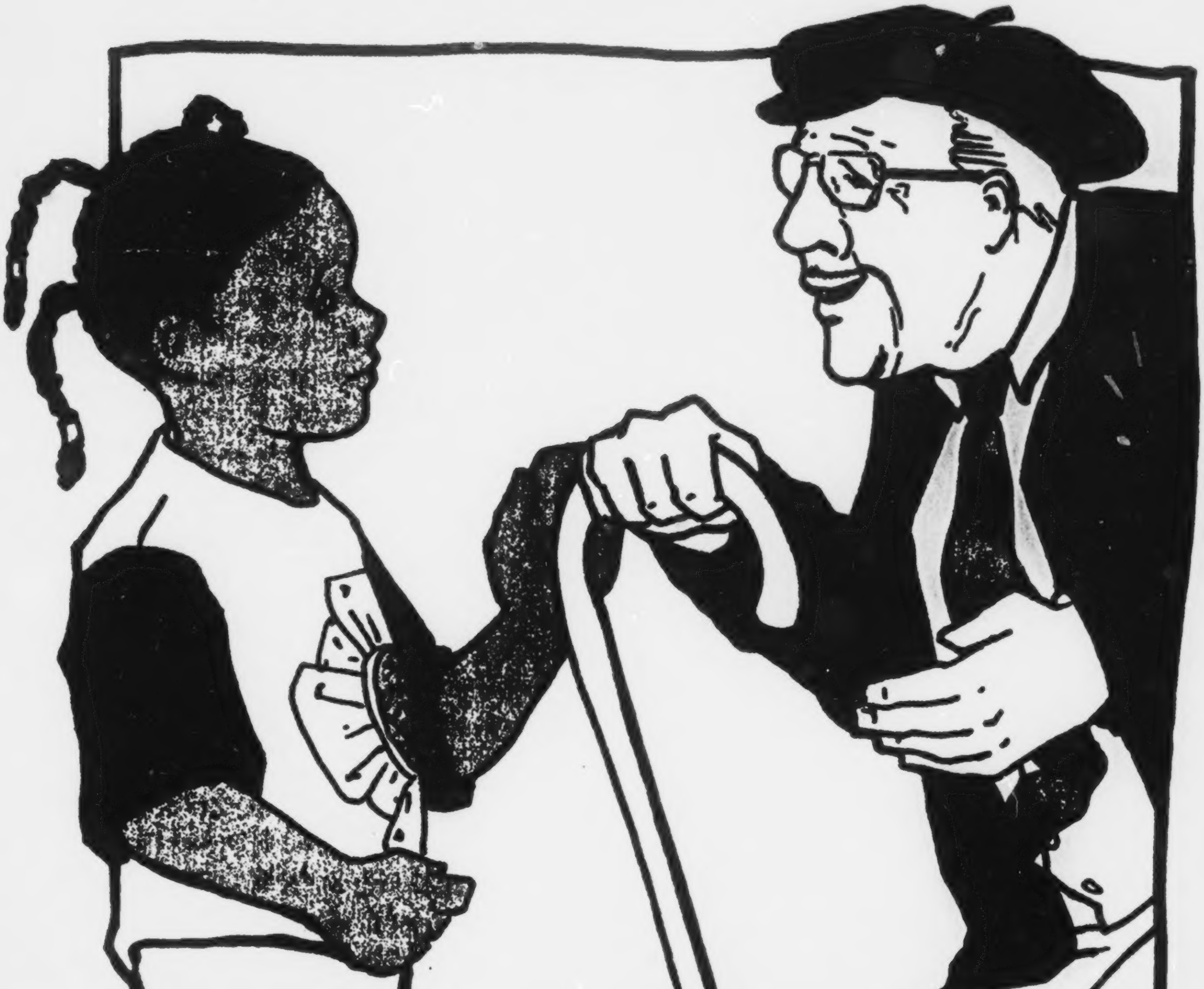
"Well, Penny, that's when you do things for people—things that they want," said Mr. Lopez.

"Do you think other people in the neighborhood might want me to walk their dogs? That's a service I like to do! Is anyone sick or hurt? I'm a good dog walker," Penny said. "I'd like to do that for lots of people and earn a bunch of income."

Mr. Lopez agreed with Penny. "You sure are a good dog walker," he said. Peluche barked in agreement. "Why, Miss Penny, I believe you're thinking just like an entrepreneur!" exclaimed Mr. Lopez.

"ON-TRAY-PRAY-NOOR? What's that?" asked Penny.

Mr. Lopez smiled as he slowly pronounced the word again and offered an explanation. "Penny, an entrepreneur is a person who starts a business and sells goods and services to other people. You would be an entrepreneur if you started a dog-walking service."



“WOW! I like that idea! I’ll be an entrepreneur and call my business Penny’s Dog-Walking Service. I’m going to be an entrepreneur, and I’ll really make lots and lots of money!” Penny said.

“Now, hold on a minute!” said Mr. Lopez. “Being an entrepreneur is hard work.”

“I don’t care. Working hard would be fun, if it’s walking dogs. I like dogs! Especially you, Peluche,” Penny said as she patted Peluche on the head. “And I like money, too!” she added.

“And Peluche likes you. You do seem to have a way with animals. That would be a good skill to have in the dog-walking business,” said Mr. Lopez.

As Penny walked along with Mr. Lopez, thinking about this new idea, she began to get more and more excited. “I could put a sign in the front yard so people would know about my dog-walking service. And I could write little notes to all the neighbors to tell them about my business,” she said.

Penny began to talk faster and faster as she thought of more and more ideas for her new business. "I could buy lots of leashes, so that I could walk several dogs at one time. Why, I might even go to some classes and learn how to bathe dogs and train them. And I might even start taking care of cats, too, and...and...and.... Boy! I'll earn lots of money! If the weather is good, I could walk tons of dogs. I might even have so many customers that I'd have to get Nicholas and Brian to work for me, so I can earn more money. I'll have lots of income! I'll be rich!" Penny jumped around in excitement.

"Wait a minute!" Mr. Lopez interrupted. "You are thinking too fast for me. I guess a young entrepreneur like you gets pretty excited when she thinks about a new business. But maybe you'd better talk this over with your parents, before you go too far with it."

"That's a great idea," said Penny. She waved good-bye to Mr. Lopez and Peluche as she scampered back down the street toward home, with many thoughts about becoming an entrepreneur swirling around in her head.

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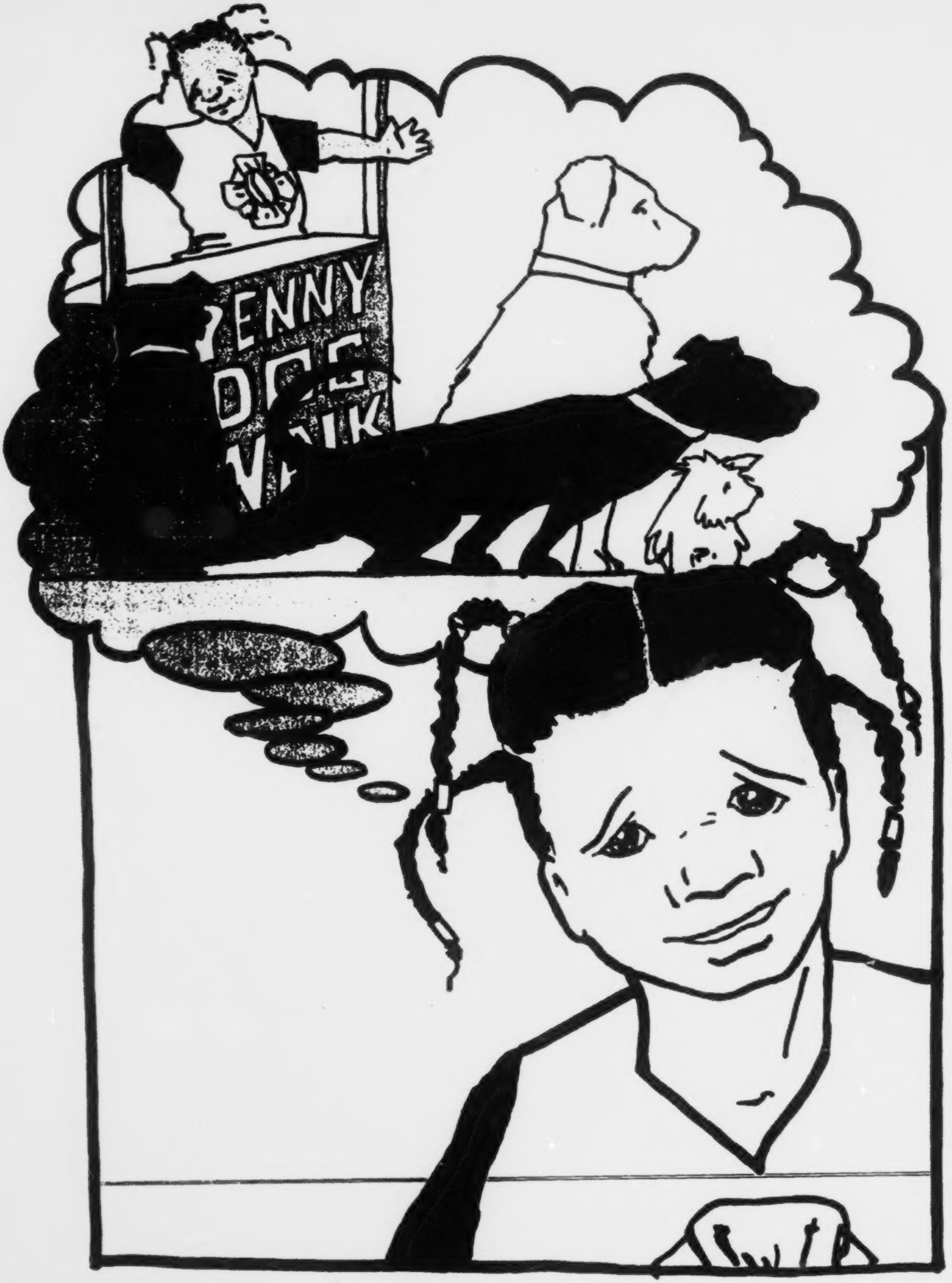
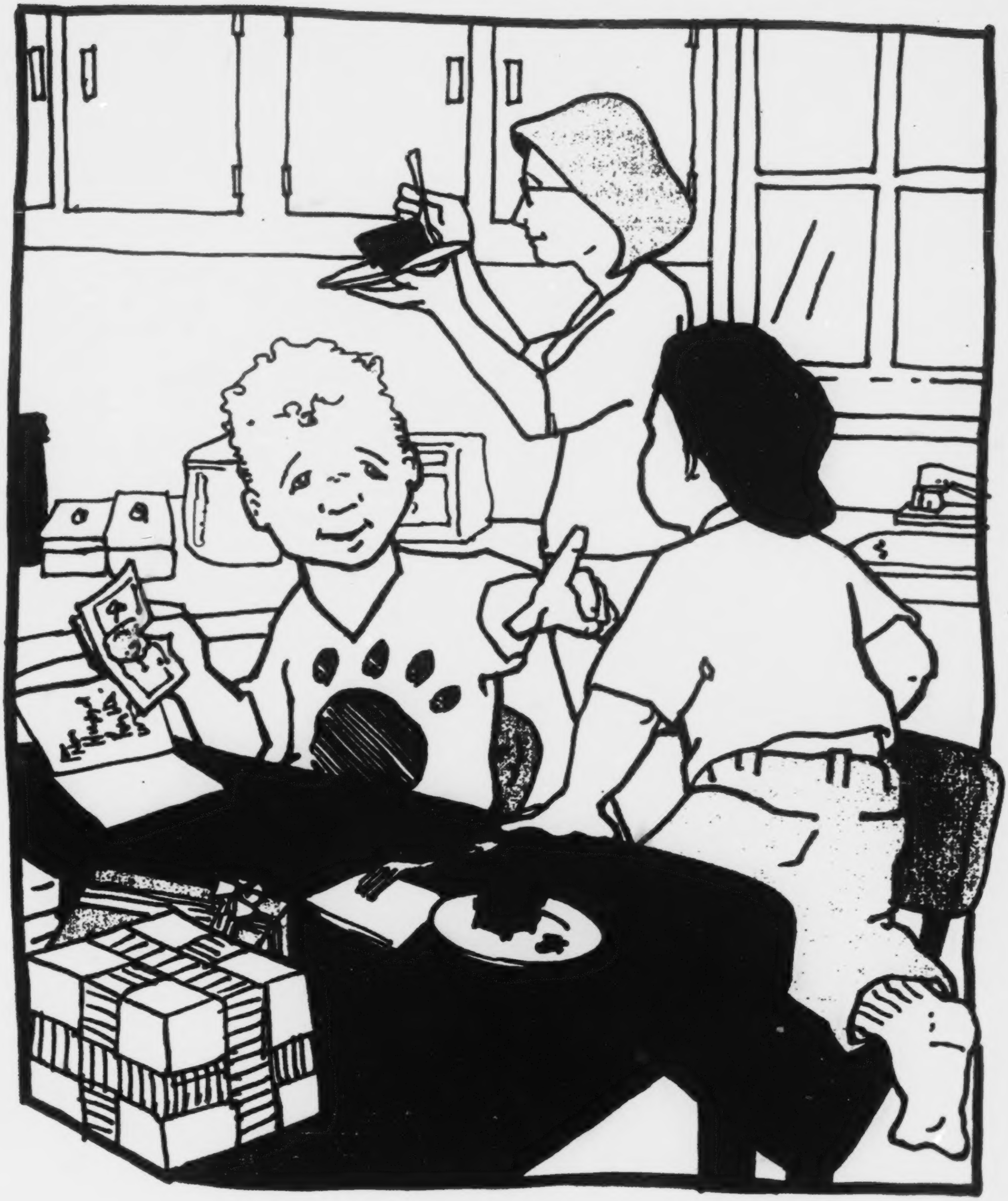

PENNY
DOG
WALK



Story 3

What Is Money?

"Happy birthday, Nicholas!" yelled his friends as they left the house. Nicholas closed the door and ran to the kitchen. His mom and his little brother, Christopher, were looking at the table filled with Nicholas's birthday presents.

"This has been a great birthday," said Nicholas. "I had so much fun. And look at all the nice gifts I got." Then he looked at Ms. Kim's card that was still sitting on the table with all the other birthday gifts. He picked it up and opened it, carefully examining the card and the five-dollar bills inside.

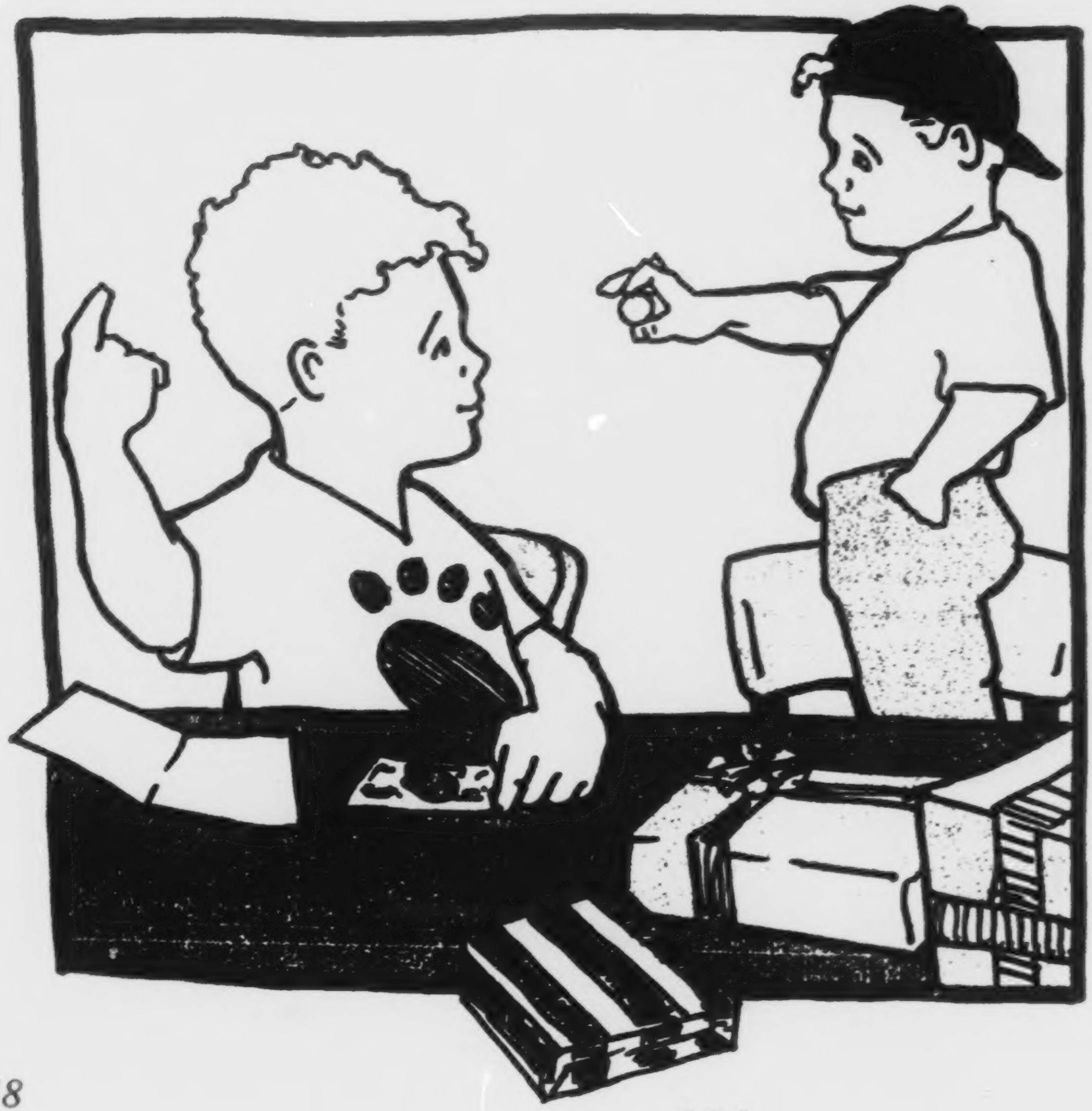
"What did you get?" asked Christopher.

"Two five-dollar bills. That's a lot of money, isn't it, Christopher!" exclaimed Nicholas.

"Nicholas, remember that Christopher is little," said Mom. "He's still learning the value of coins and paper money. You didn't know much about it when you were his age. Why don't you tell him about your money."

"I do know about money!" said Christopher. "I've got money, too. But I only have a dime and some pennies. Are five-dollar bills a lot of money?"

"Dimes, pennies, nickels, and quarters are coins," Nicholas said. "And coins are money, too. They're made from metal, and they're round like circles." Nicholas held up his money and grinned. "But a paper dollar is worth a hundred pennies.



Each of these is five dollars. See the five? It's worth five hundred pennies. And I have two of them. That's ten dollars!"

"Wow!" said Christopher in amazement.

"You see, Christopher, money helps us get the things we want," said Nicholas with authority. "We just give people money, and they give us what we want in exchange."

"Your ten dollars will get us lots of things we want," said Christopher, still staring at the five-dollar bills.

"Things *I* want!" said Nicholas. "This is my money! People can also save their money and use it to buy things later. I think that's what I'll do with my money—at least for now, until I decide what I want the most."

"I think I like money," said Christopher, without taking his eyes off the five-dollar bills.

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They were interrupted just then by a knock at the door. Mom walked to the door and opened it, greeting Carlos, who worked for the Pizza Palace. He was there to bring the family a pizza for their dinner. Mom asked Nicholas to bring her purse. Christopher asked, "Why do you need your purse?"

"Because that's where I keep my money," Mom said. "Sometimes I call my purse a pocketbook because I keep my money in it, just like you put your money in your pocket."

Nicholas brought her purse, and Mom took out some paper money, some silver coins, and another shiny gold coin. She showed the money to Christopher and said, "The value of these silver coins is the same as the value of this dollar bill. And the dollar bill's value is the same as the value of this gold dollar coin."

Nicholas was watching as Mom explained about the money to Christopher. He looked at the gold coin and said, "I like those gold dollar coins. They're neat!"

"I think I like gold dollars, too," said Christopher, as he watched Mom handle her money.

Mom gave some money to Carlos and closed the door.

"Why did you give him money," asked Christopher. "It's not his birthday, is it?"

"No, it's not," said Mom. "I gave him the money because we must pay for the pizza and for his delivery service. Carlos earns income by delivering pizza."

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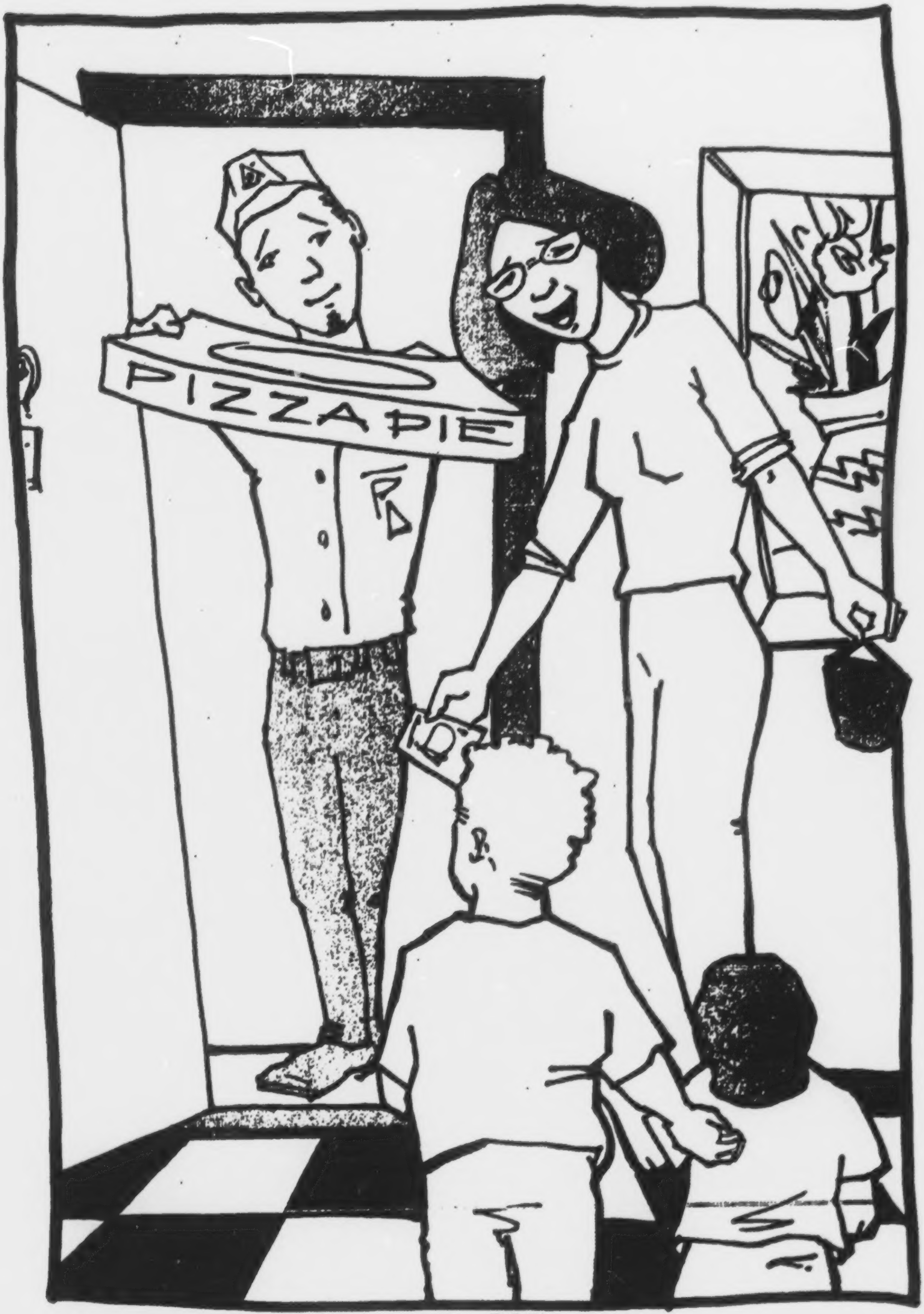
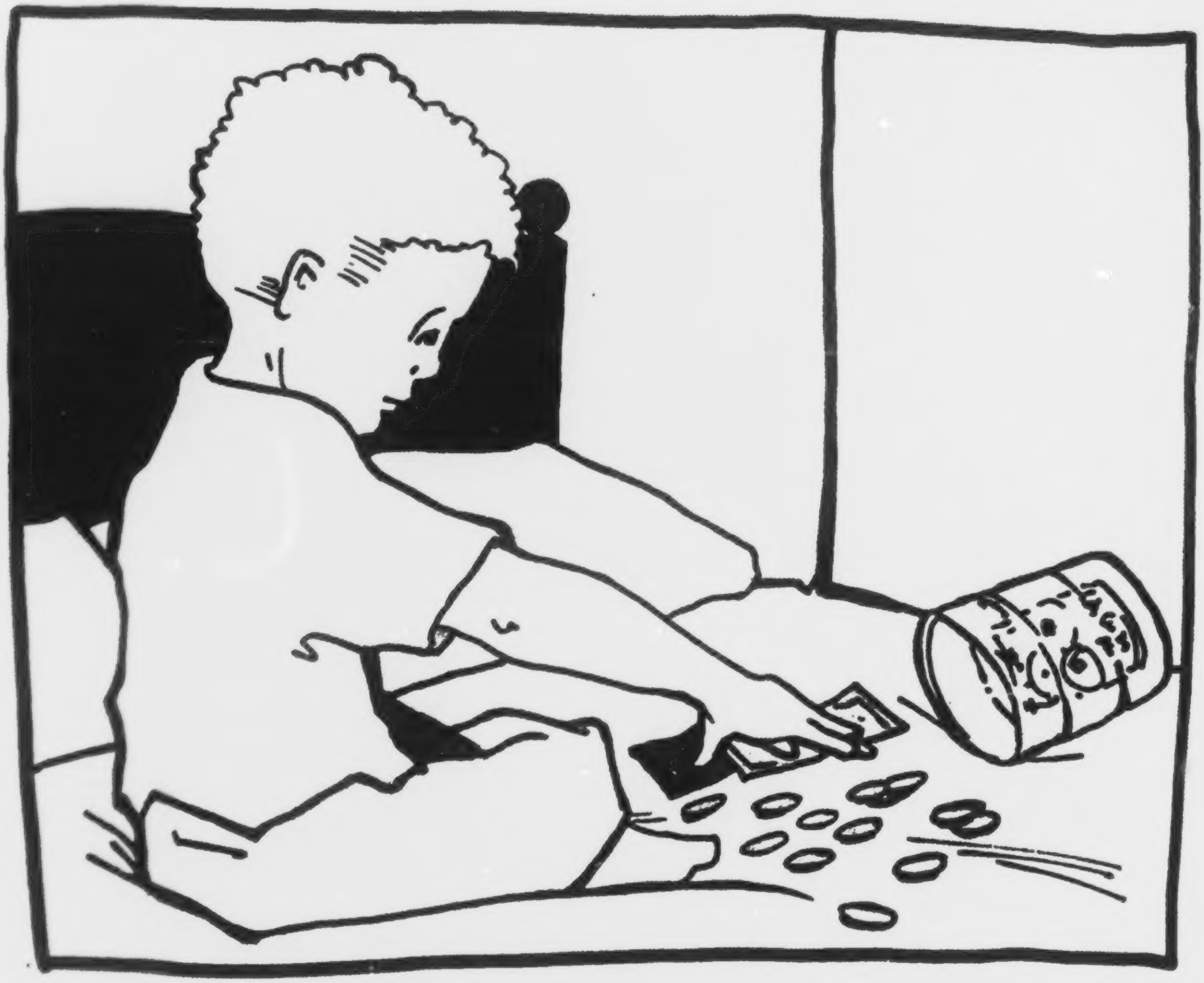
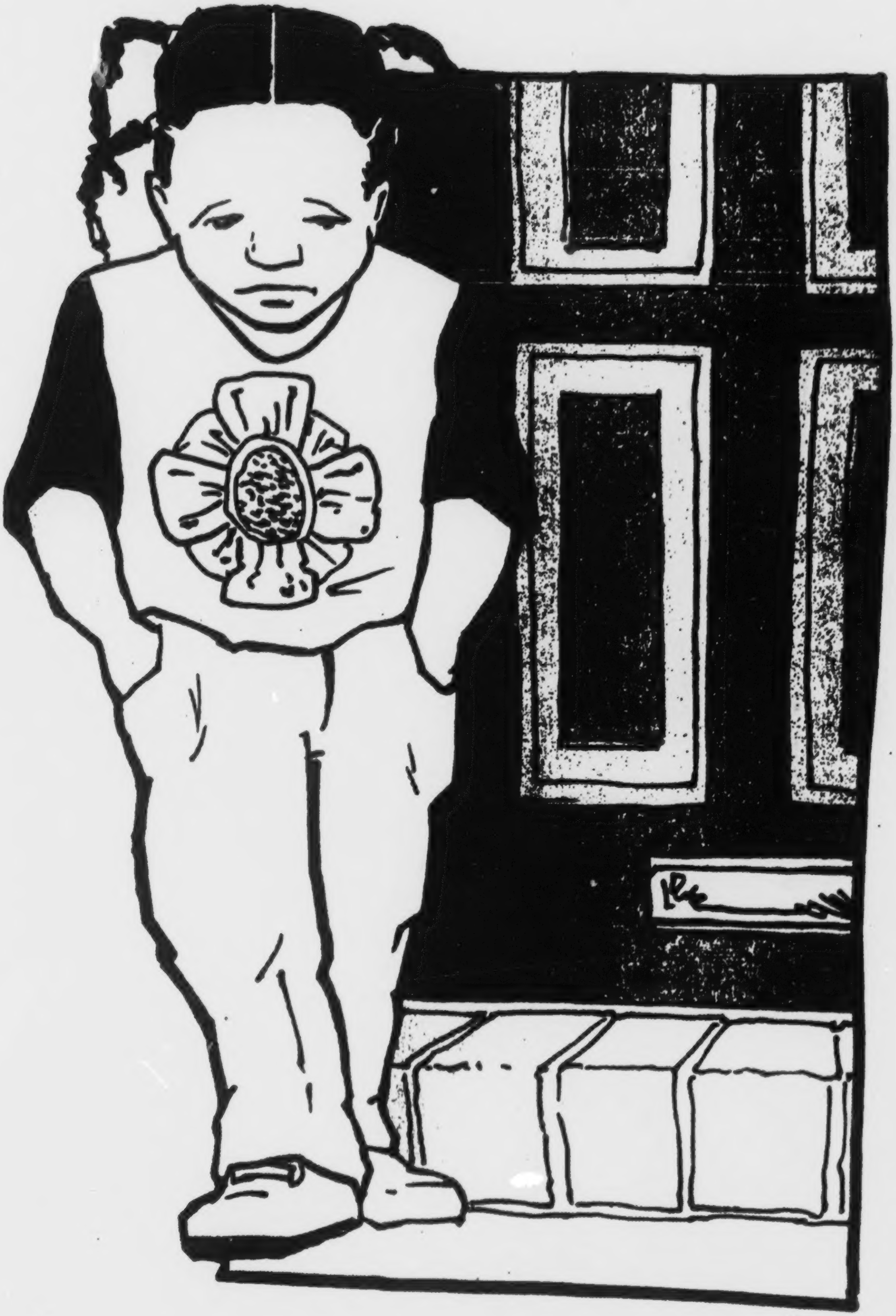

PIZZA PIE
PD



While Mom and Dad made the salad and put the pizza on the table, Nicholas took his gifts to his room to put them away. He thought about the five-dollar bills that Ms. Kim had given to him. He was proud that she thought he was old enough to receive that much money for his birthday. Mom and Dad gave him money for his weekly allowance, but he didn't often have a five-dollar bill. And now he had two of them.

He opened the special drawer of his dresser. The special drawer was the one he used for his treasured items, such as the shells he found on the beach, his Mickey Mouse puppet, and his marble collection. From the back corner of the drawer, he pulled out his coin can. He used the coin can to keep the money he saved from his allowance. He dumped out all his money. First, he looked at all the coins, then he put them into piles on his bed and counted them. Nicholas had saved these coins for a long time.

He put the coins back in the can, and he put the five-dollar bills back inside Ms. Kim's birthday card. "It's nice to have money of my own," he thought as he placed the coin can and the birthday card into the special drawer.



Story 4

Oh, What to Do?

Penny stood on the front porch with her hands in her pockets. She was deep in thought and did not see Mr. Lopez and Peluche passing by. Mr. Lopez called out, “ A penny for your thoughts.”

Penny did not answer at first. Mr. Lopez called out to her again, “Penny! Penny! How are you today?”

Penny looked up and smiled at Mr. Lopez. She said, “I don’t know, Mr. Lopez. I have to make a decision, and I am having a hard time. Making choices can be so hard sometimes.”

“What are you trying to decide? Maybe I can help you,” said Mr. Lopez. Then he and Peluche stepped up on the porch. Peluche wagged her tail when she saw Penny. Penny leaned down to pat Peluche’s head.

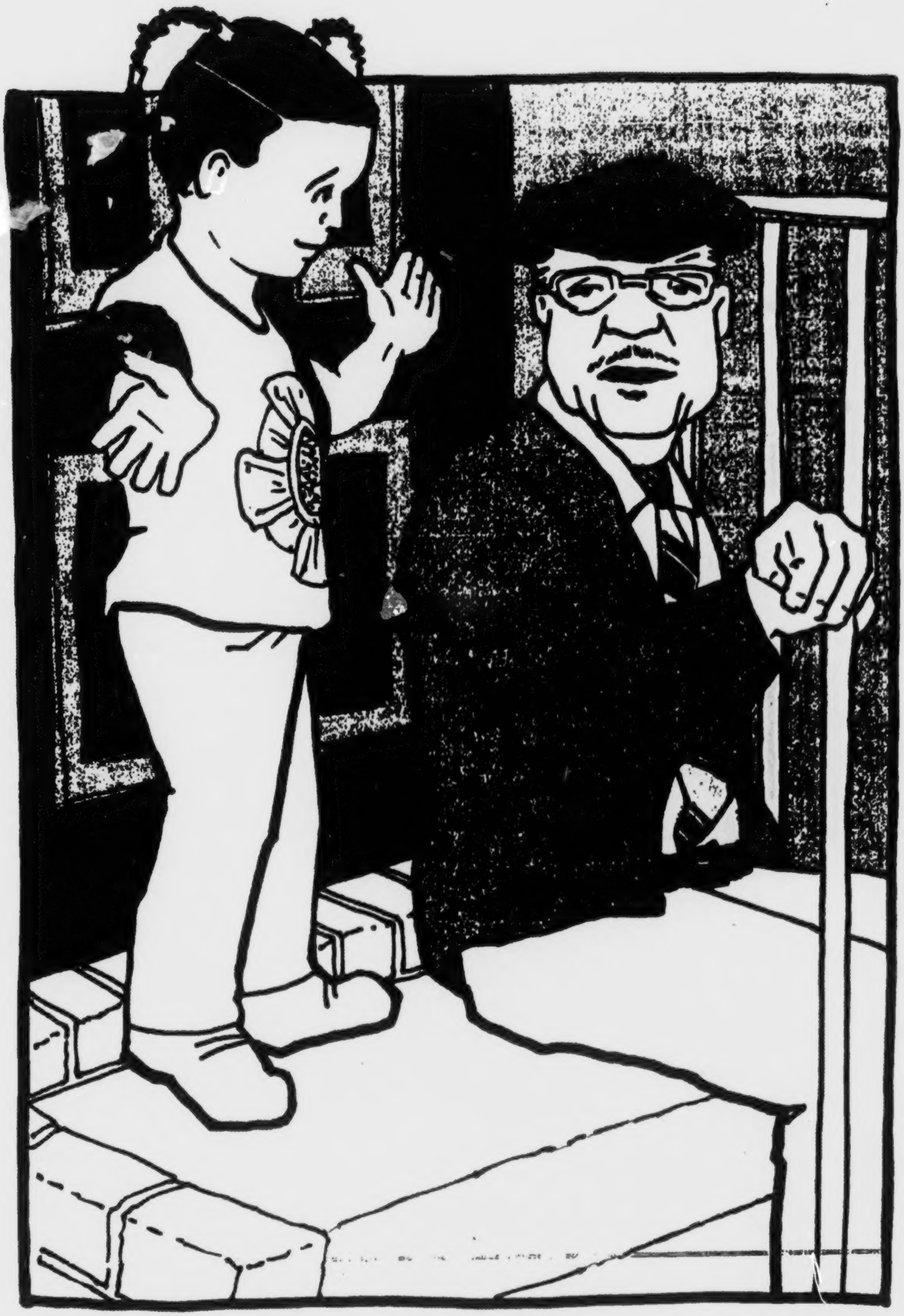
“What kind of decision are you trying to make?” Mr. Lopez asked again.

Penny smiled and answered, “When I earned the money for walking Peluche, I was so happy. Now I have money, but that means I have to make a decision about what to do with it. Mom told me the money was burning a hole in my pocket. When I asked her what that meant, she said I really don’t want to keep the money in my pocket. I want to spend it.”

“Is that what you want to do?” said Mr. Lopez.

“Well, I’m not sure what I want to do. I am sure I want to be an entrepreneur and open my dog-walking business. But I’m not sure how I want to spend the income I earned when I walked Peluche for you. I have lots of things I want. I want a new vest to wear with my five-pocket jeans, and I want a new bike. I want so many things! I just can’t make up my mind.”

“Penny, you do have a problem,” replied Mr. Lopez. “You have to make a choice. You have money, but you don’t have enough to buy all the things you want. You have too many alternatives.”



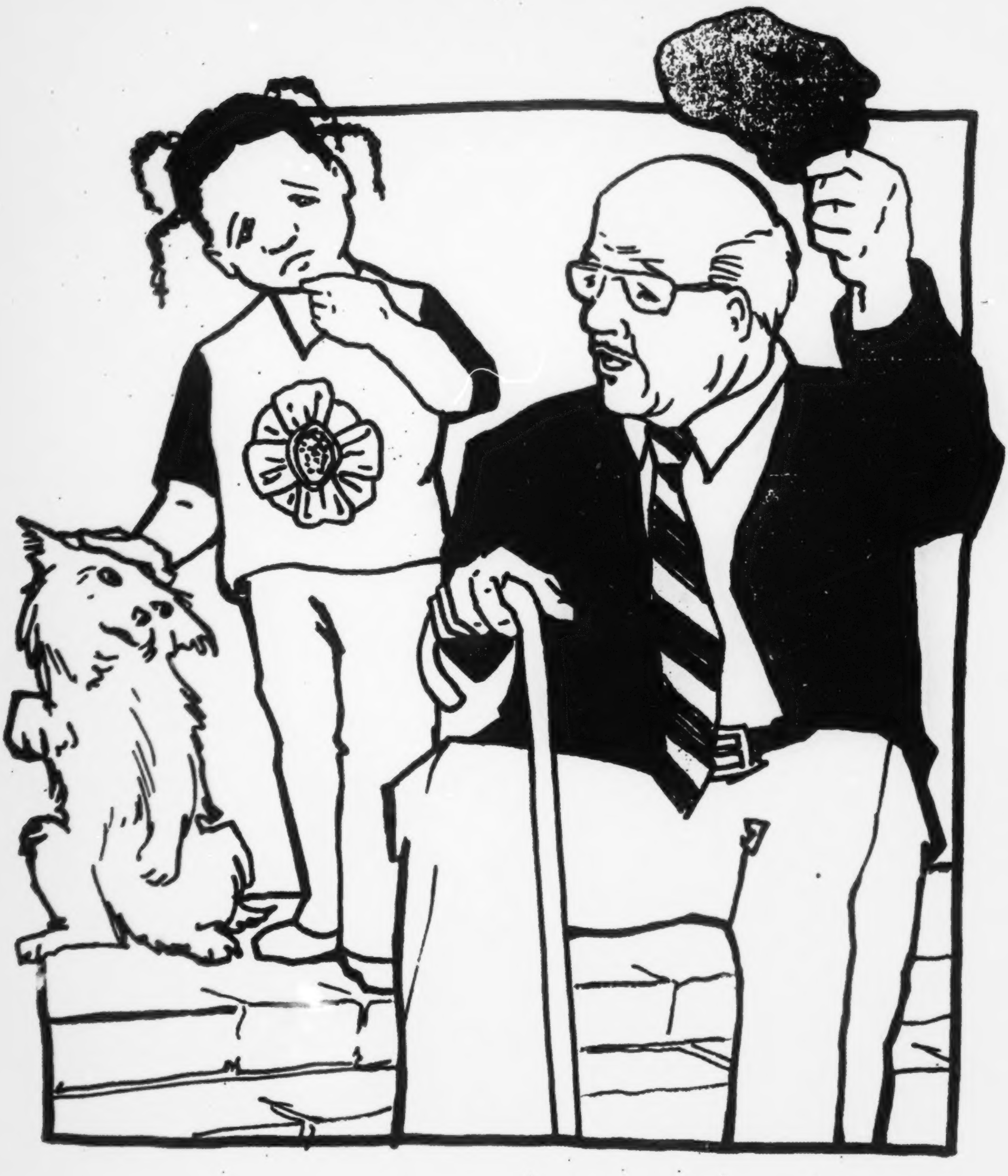
"Wait a minute, Mr. Lopez," Penny interrupted. "What are alternatives? You use some pretty big words sometimes. And I don't always know what they mean."

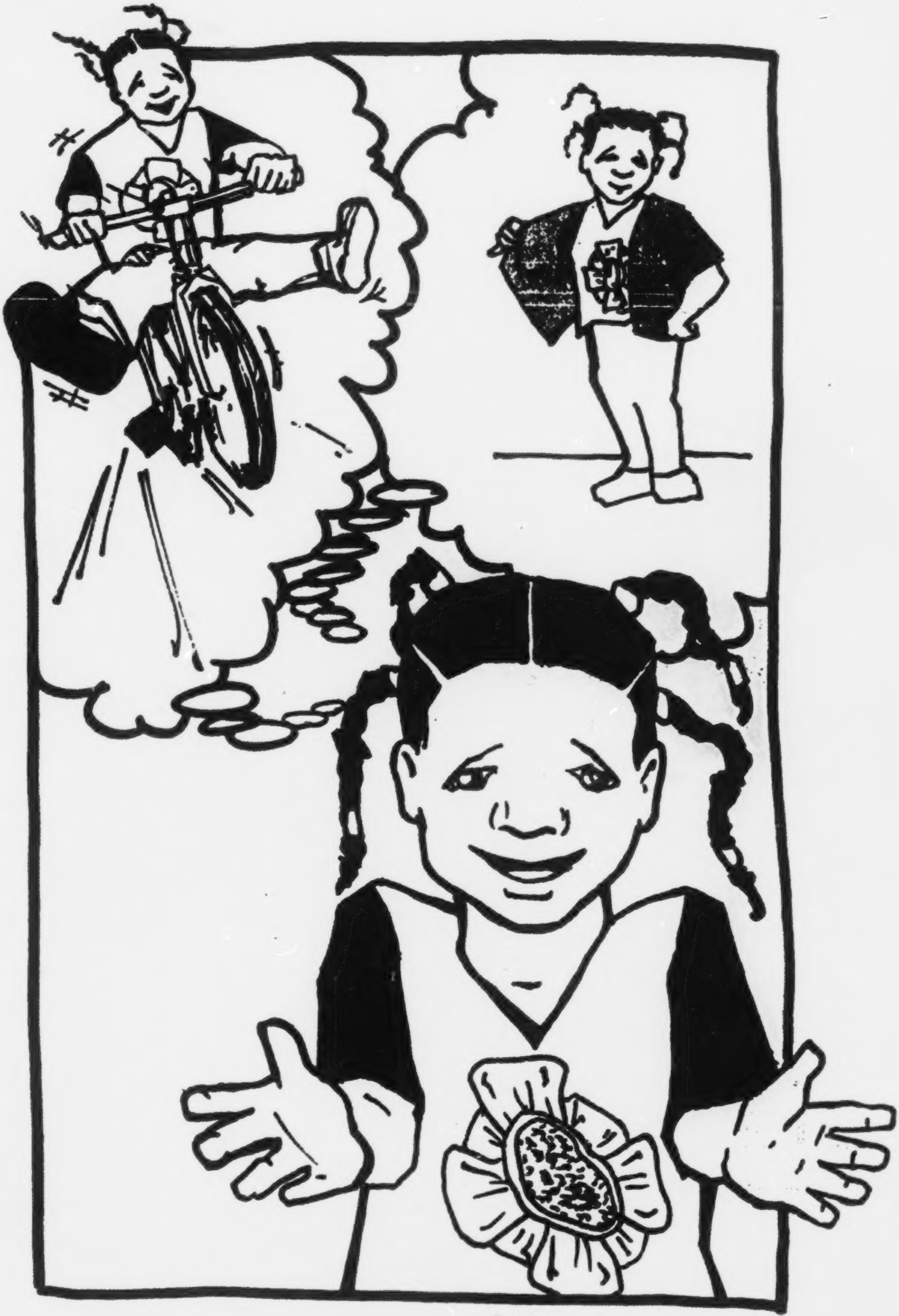
"I'm sorry, Penny," Mr. Lopez apologized. "I'll try to explain it to you. When you make a choice, the items from which you may choose are called alternatives. You named two alternatives when you mentioned that you want to buy a vest and a bike. And when you have alternatives, you must make a choice. You must decide what you want and what you'll give up."

"Oh, now I understand. But what am I going to do?" asked Penny.

"Penny, it is just like when a friend invites you to go swimming and then another friend invites you to go to the movies on the same day. You don't have time to do both. You have to make a choice. You have two alternatives, swimming or a movie. When you choose one, you choose to give up the other, and that is the hard part about making choices," explained Mr. Lopez.

"OK. I have money, but I don't have enough to buy both things I want. So, I have to decide what I want most. Do I want a bike or a vest? I can choose one, but then I have to give up the other," Penny muttered to herself.





"That's right, Penny," Mr. Lopez said. "But you have something else to think about, too."

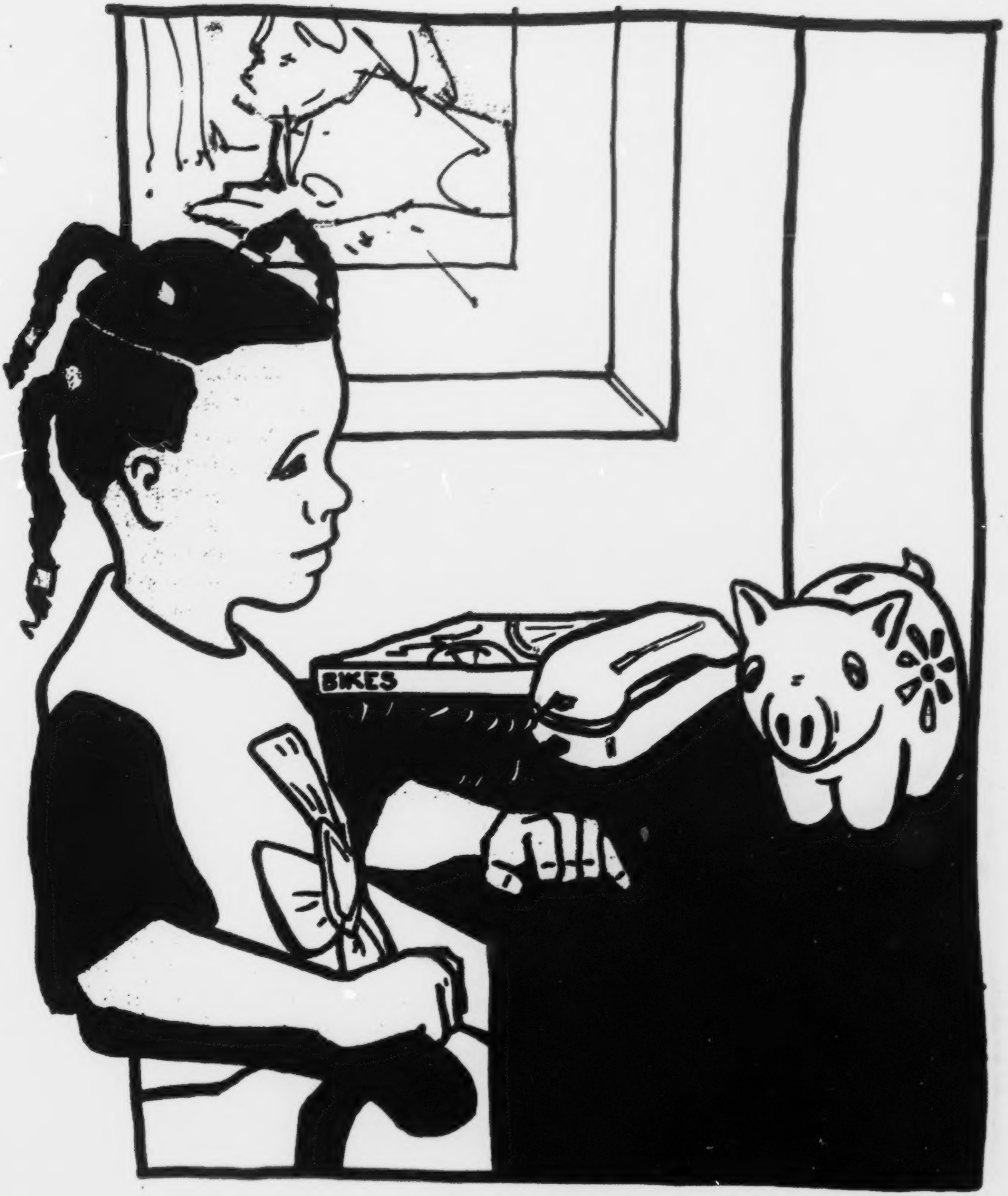
"What now?" asked Penny.

"Well, the money in your pocket is enough to buy a vest. But do you think you have enough to buy a bike?" asked Mr. Lopez. "When you think about your decision, you need to decide whether to spend the money now for a vest or save it until you have enough to buy the bike you want."

Penny said, "Well, when I start my dog-walking business, I can save part of the income I earn each week. But until I get my business started, I could save part of my allowance. So now I have to decide whether to buy the vest or to save for the bike. Oh my! Making decisions is NO FUN!" moaned Penny.

"Right again, Penny. Sometimes it's hard to make decisions!" said Mr. Lopez as he stepped down off the porch and started down the sidewalk. "Good luck with your money choices."

"Thank you, Mr. Lopez, for talking to me about making money decisions. I do have a lot to think about," Penny said.


BIKES

Story 5

Spend or Save?

“Spend or save? A vest or a bike? What should I do?” thought Penny as she sat at her desk in her bedroom. She had been daydreaming all morning about spending the money she had earned. She had so many wants. Her old denim vest looked shabby, and she really wanted a fancy new one to wear with her five-pocket jeans. But she also really wanted a new bike to ride with her friends. She had enough money to buy a new vest, but she would have to save for a while to have enough to buy a bike. “If I save for the bike, I can’t have the vest. Which one do I want more?” Penny asked herself.

Penny was still thinking about her choice when the telephone rang. It scared her and she jumped. Her friend, Sally, was on the phone, and she was very excited.

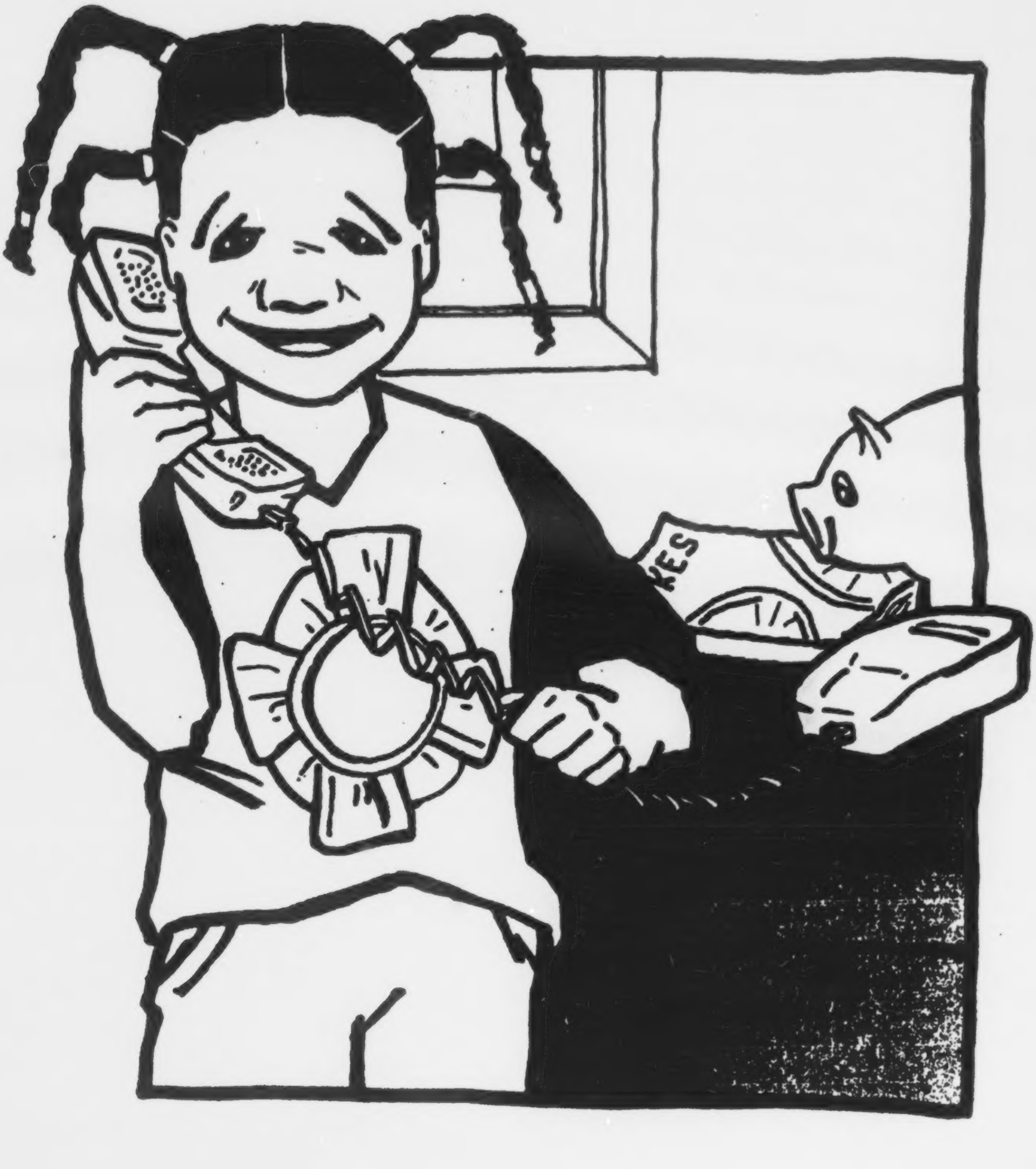
“Hey, Penny!” Sally said. “Guess what my mom just taught me to do! She showed me how to decorate my old denim shirt. It looks fantastic! I can hardly wait to show you. I’ll bet you could make your old denim vest look fancy, too, if you decorated it like this. Mom said she would show you how.”

“That sounds like fun!” said Penny.

"It is!" said Sally. "I could wear my shirt, and you could wear your vest, and we'd look great together with our new jeans on. What do you think?"

"Wow, Sally! I like that idea. If your mom taught me how to fancy up my old vest, I wouldn't need to buy a new one. And I could save my money for a new bike." Penny was so excited she was almost shouting into the telephone. "Thank you, Sally. Ask your mom when I can come over to work on the vest, and then call me back," said Penny.

Penny thought about her decision. She would decorate the old vest and not buy the new vest she had wanted. Then she could save her money for a new bike. She was getting excited about the bike now, and she reached for a catalog on her desk. She wanted to check out the prices of new bikes. She soon realized that she would have to make another decision because she didn't know if she wanted a mountain bike, a street bike, or a racing bike. She decided to think about that decision after she had saved more money. Right now she wanted to count her money.



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Penny opened her bank and poured the money onto her desk. As she counted the coins, she realized she had already been saving money. All these coins in her bank and the money she had in her pockets from walking Peluche added up to more than she thought. She took out a piece of paper and figured out the total amount. Then she realized that she still would need to save more in order to have enough money to buy a bike.

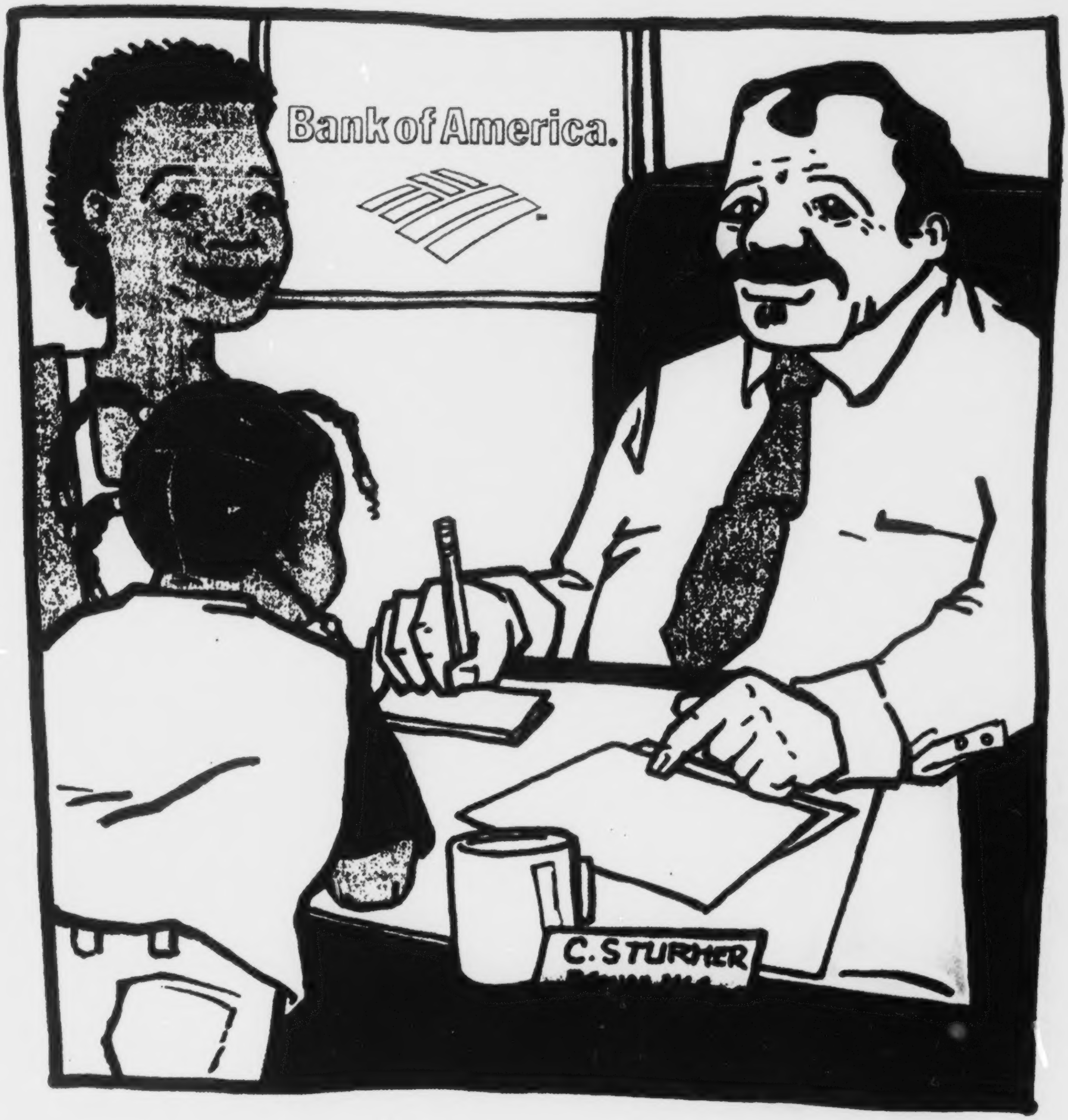
Mom walked into Penny's room as Penny was putting the coins back into her bank. Mom asked, "Penny, what are you doing with your money spread all over your desk?"

"I was counting it to see how much I had saved and how much I earned from Mr. Lopez. I've decided to save all of it for a new bike," Penny explained.

"I'm proud of you, Penny. I think you've made a decision that will make you happy," said Mom.

"Mom, where can I put my paper money to save it?" asked Penny. "It doesn't fit in my bank easily. And then it's hard to get it out. I've been keeping it in my pockets, but since I've decided to save it, I don't think that's such a good place for it."

"I think you're right, Penny," Mom answered. "I'm going to the bank this afternoon. That's where I keep our family savings. Would you like to go with me?"

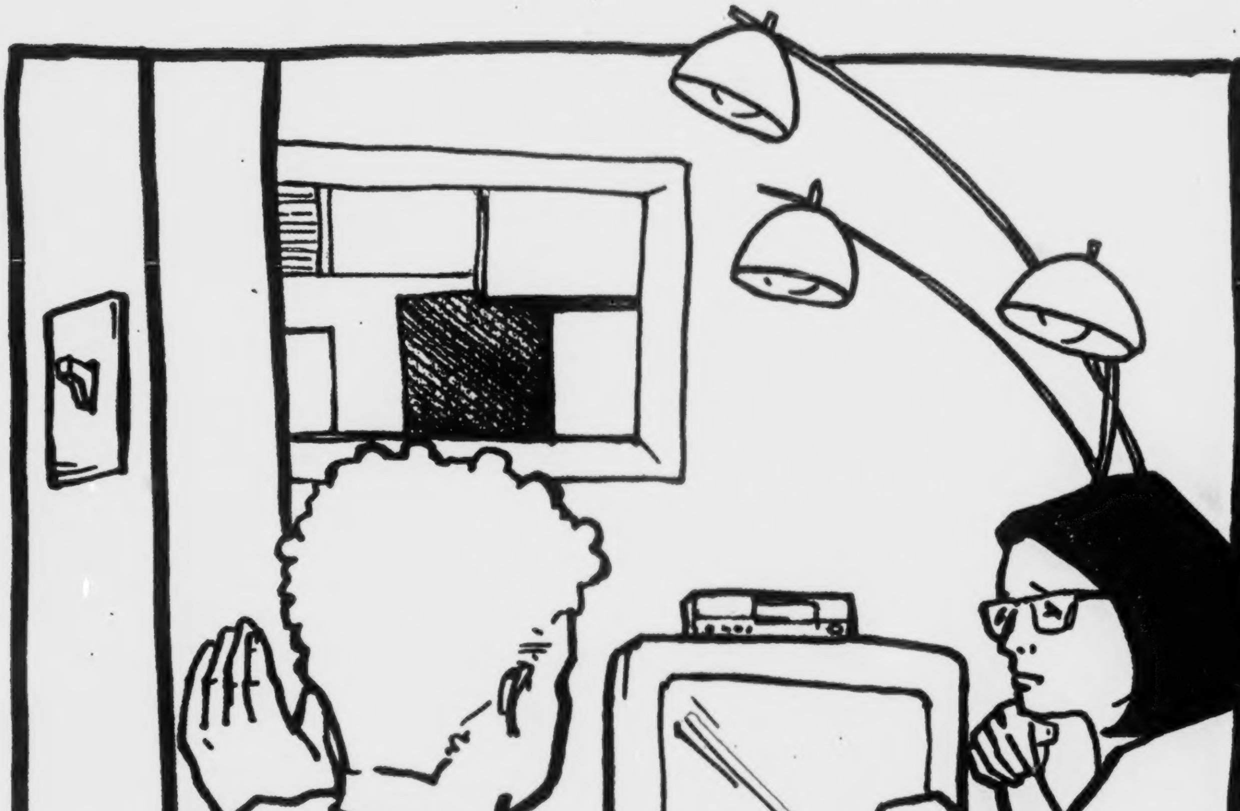

Bank of America.
C. STURMER

At the bank Penny visited with an employee who explained the services of a bank. "Penny," he said, "people who want to save money can put it into a savings account. That's called depositing money. Then the bank will take care of your money until you want to take it out and spend it. And that's called withdrawing money. This is one of the ways people save money, and it's one of the services of a bank. You can open a savings account right now if you would like to."

Penny and her Mom filled out the information the bank needed to open Penny's new savings account. Then they filled out a deposit slip with the amount of money Penny wanted to deposit into her savings account. Penny took the money and the deposit slip to the teller.

"Thank you for becoming a customer of the bank," the teller said. "We look forward to serving all your banking needs."

Penny smiled. "You're welcome," she said. Then she thought to herself, "I've made a good decision. I'll keep my money safe in the bank. And I'll bring more money that I save and deposit it, too, until there is enough to buy a bike. Then I can withdraw it and spend it to buy a bike. Yes, I've made some good decisions, today."



Story 6

A Savings Problem

It was Saturday afternoon, and Nicholas had been playing outside with his friends. He bounded into the kitchen to get a drink and then wandered into the living room where Mom was reading a book. When she saw him, she put down her book and looked at him sadly.

"Nicholas," she said. "Sit down for a minute. I need to talk to you."

As Nicholas went over to the couch to sit down, he began to wonder what was happening to make Mom look so serious. "What's the matter, Mom?" he asked.

Mom sat down on the couch beside him and explained. "Well, Nicholas, do you remember how we've been saving money for a long time for a vacation? We've always wanted to go to Circus World. We planned carefully how we'd spend our money so there would be enough to put some into our savings each week. I've been taking the money we saved to the bank and putting it in our vacation account, hoping we could make the trip this summer."

"Yes, I know! I'm really looking forward to it," said Nicholas. "It's our big dream vacation!"

"But now we have a problem. In fact, you might say we have an emergency," said Mom.

"An emergency? What happened?" Nicholas asked.

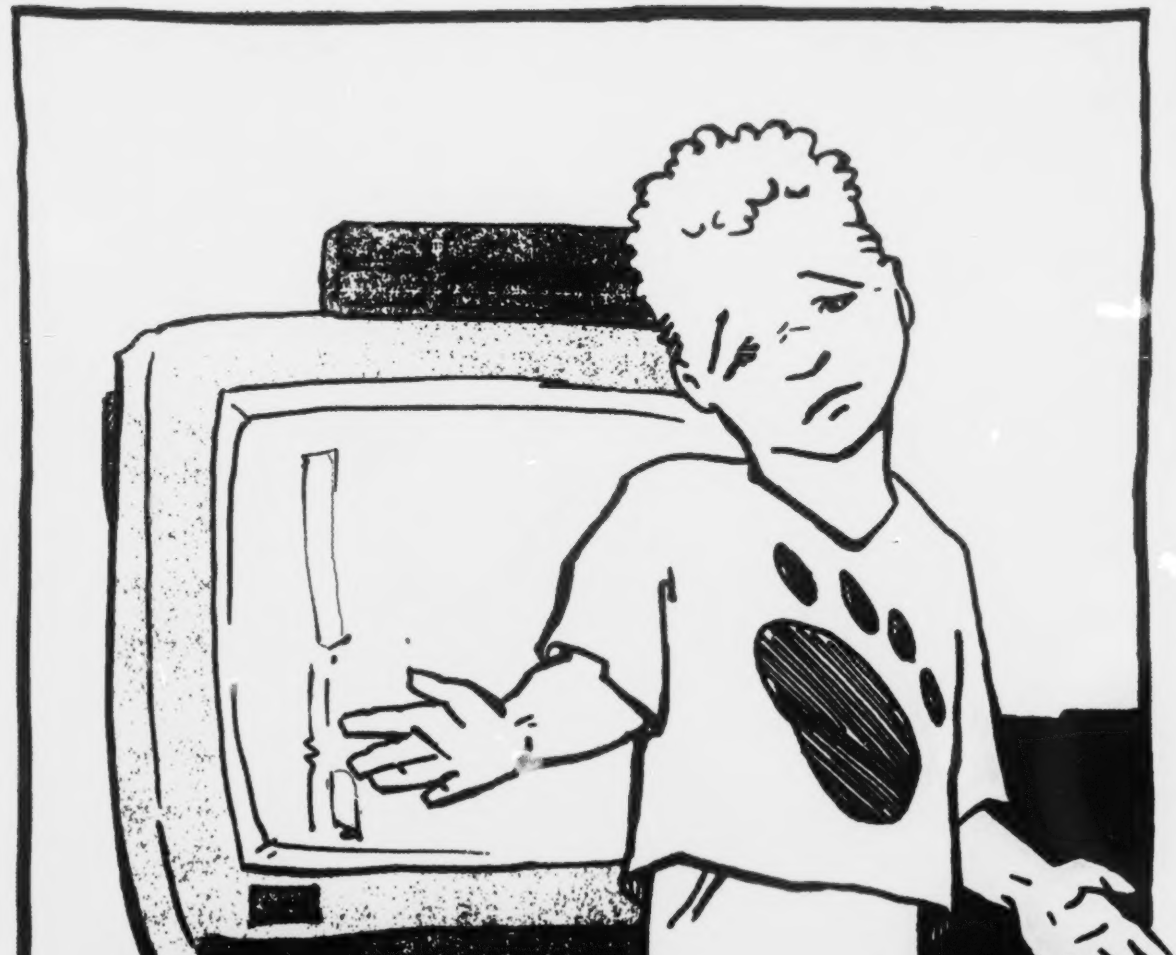
"Well, remember this morning when you tried to turn on the television, and it wouldn't work? I checked with the TV repair service, and they said it would cost more to get it repaired than to buy a new television."

"OK. So, let's get a new TV," Nicholas said.

"It's not that simple, Nicholas. A new TV costs a lot of money. We don't have enough money to buy a new television unless we use most of the money I've been saving for our vacation. We all enjoy watching television, and we've all dreamed of going on a vacation next summer. We need to decide what to do. Should we buy a television, knowing we won't have enough money for a vacation, or should we go on the vacation, knowing we won't have enough money to buy a new TV? If we decide to buy a television, I must withdraw the money from our vacation account."

"But, you said we'd go on a vacation this summer. You promised!"

"Wait, Nicholas," Mom replied. "I didn't say we can't go. I said we must decide whether to buy a new television or go on vacation. We can decide to go on our vacation, but if we do, we will not have a television set to watch."



"That's not fair, I like to watch television after I do my homework," whined Nicholas. "Why did this have to happen?"

"It's because of something called scarcity. That's when there is not enough of the things that you want to satisfy you," said Mom. "And in our case, there isn't enough money in our savings account to pay for both the TV and the vacation."

"Scarcity is no fun!" Nicholas said.

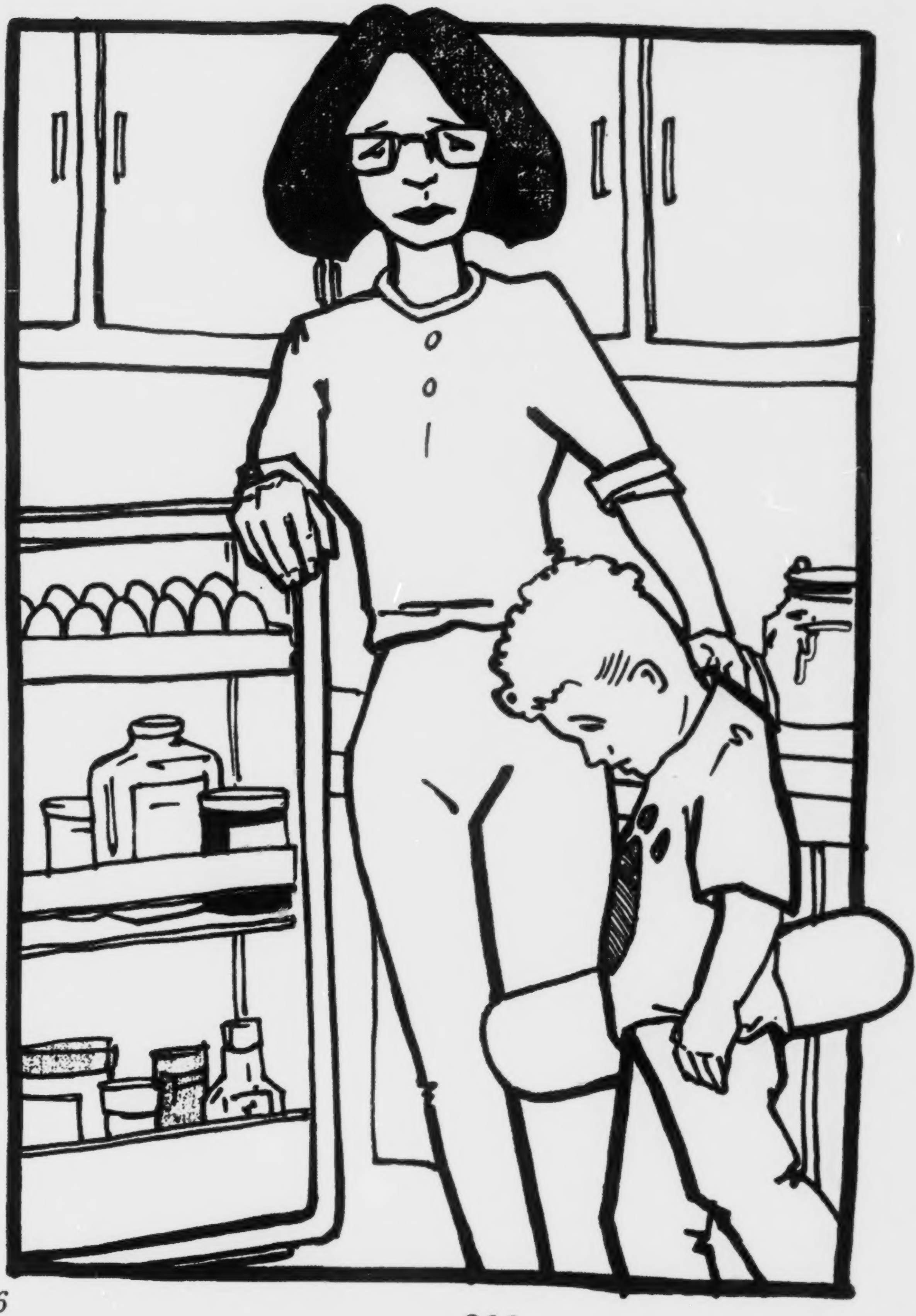
"But think about this," Mom said. "We're really lucky that we had started saving our vacation money when we did. If we hadn't, we couldn't have a TV *or* a vacation."

"This is miserable!" said Nicholas.

"I know," Mom responded. "This isn't a happy time for me either, but sometimes families have emergencies like this. When emergencies happen, we have to make decisions. I know this is hard for you, but we just don't have enough money for both the vacation and a new TV."

"But I like TV, and I really want to go to Circus World, too. What can we do?"

"I want you to help decide what to do," said Mom. "But don't tell Christopher about it yet."



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"Yeah. I know that brother of mine! He'll cry like a baby!" Nicholas said.

"Yes, he probably will," Mom said. "After all, he's just three years old. He doesn't understand. But you're big enough to understand about making money decisions."

"I guess you're right," Nicholas said. "I hate to see the poor little guy cry, though. And it makes me kind of sad, too!"

Mom turned to go into the kitchen. "I know how you feel," she said. "I wish we could have everything we want. I wish we could buy a new TV and go on our dream summer vacation, but we just can't do both." She led Nicholas to the kitchen. "Why don't we fix dinner together right now? Then after we eat dinner you and Dad and I can talk about what we think we should do. Does spaghetti sound good to you?"

Nicholas said, "OK." But he wasn't really thinking about spaghetti. He was thinking about the tough decision he knew they had to make.

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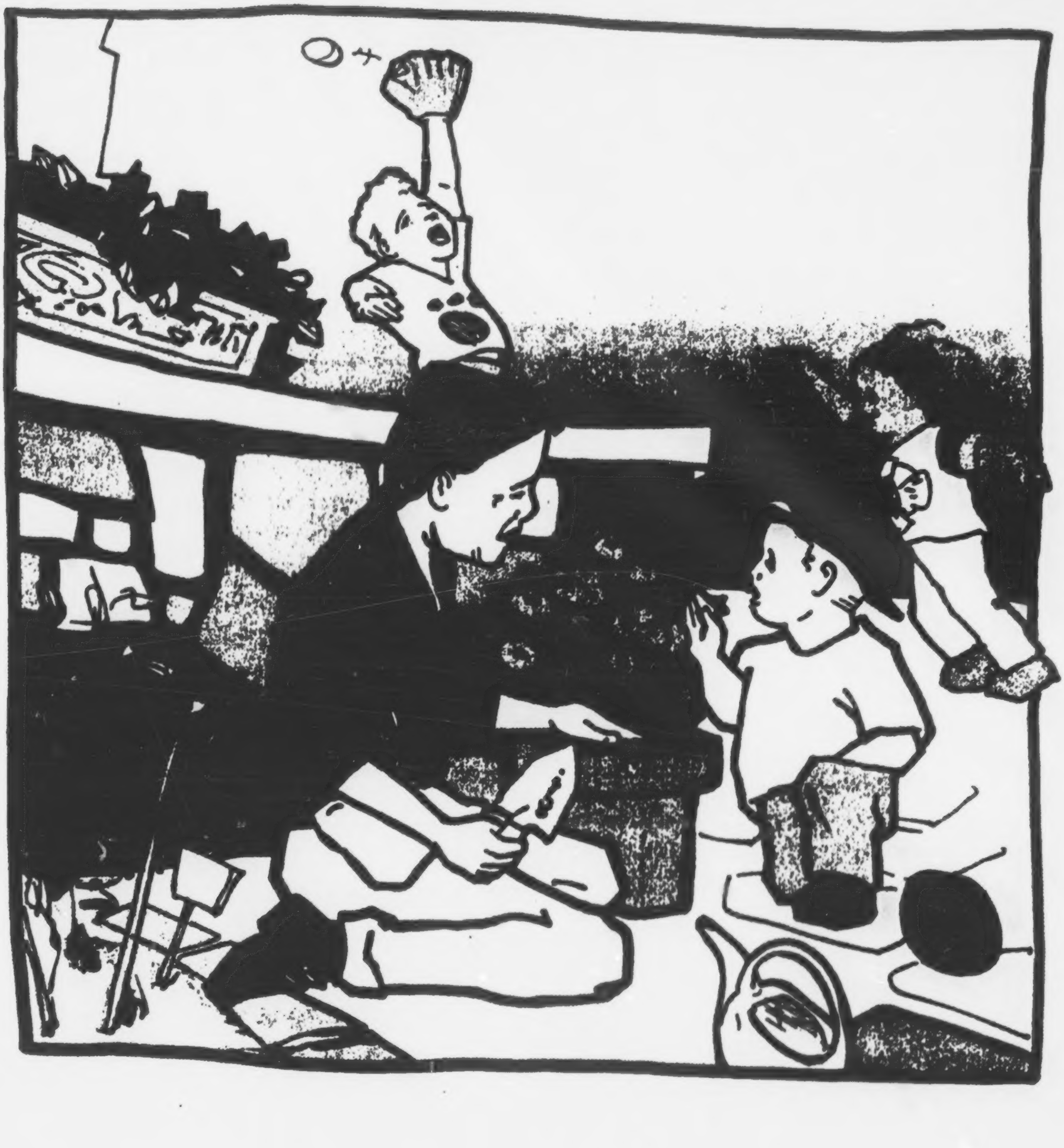


Story 7

Saving Requires Waiting

It was Saturday, and the sun was shining brightly. Penny and Nicholas were playing ball in the front yard. Christopher sat on the porch and watched and wished he could play too. But the older kids had told him he was too little.

Ms. Kim was working in her flower garden next door and listening to the children's laughter as they played.

Christopher was bored. He walked over to Ms. Kim and looked at her vegetable garden. "Why are you working so hard in your garden, Ms. Kim?" he asked.

"I like to work in my garden and make plants grow. It's fun for me. And then I can have the vegetables that I like best when I want them," said Ms. Kim.

Penny's mom came out of the house to visit with Ms. Kim. "Isn't this a beautiful day?" Mom said to Ms. Kim.

Just then Mr. Lopez came rushing up and startled all of them as he yelled from the sidewalk, "Guess what! I have some exciting news! I wanted to share it with my friends, and now I have found all of you together."

"What is it? What is it?" all the children cried as they ran toward Mr. Lopez. "Tell us! Tell us!"

Mr. Lopez had a big smile on his face as he walked toward Penny's mom and Ms. Kim. They both smiled at him and said, "Yes, tell us what is so exciting."

"Well," Mr. Lopez said, "I'm going home for a visit—to the home where I grew up and played ball in the yard! It's a trip that I have dreamed about and planned for, and it's finally going to happen."

"Where is your home?" Nicholas asked.

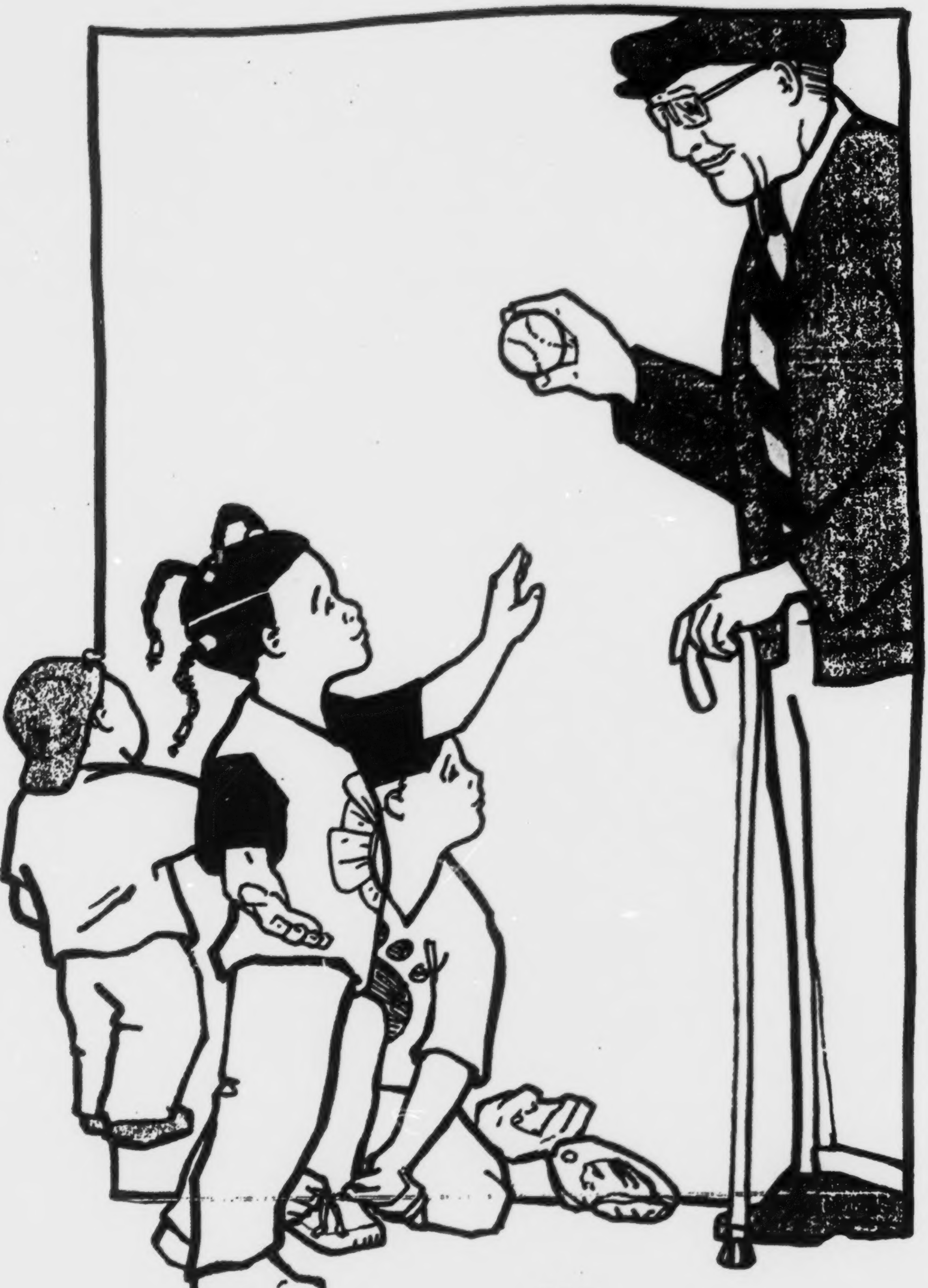
"I was born in Mexico 70 years ago," Mr. Lopez explained. "I came to the United States over 50 years ago. I have wanted to go home for a visit many times, but travel is so expensive and I've never had enough money to buy a ticket."

"Do you have enough money now?" Christopher asked.

"Yes, I do, Christopher," said Mr. Lopez. "I've been saving some of my income each week for five years. I decided to ride the bus and not buy a car, so I could save for this trip." Mr. Lopez laughed out loud, "For me this is truly a dream come true."

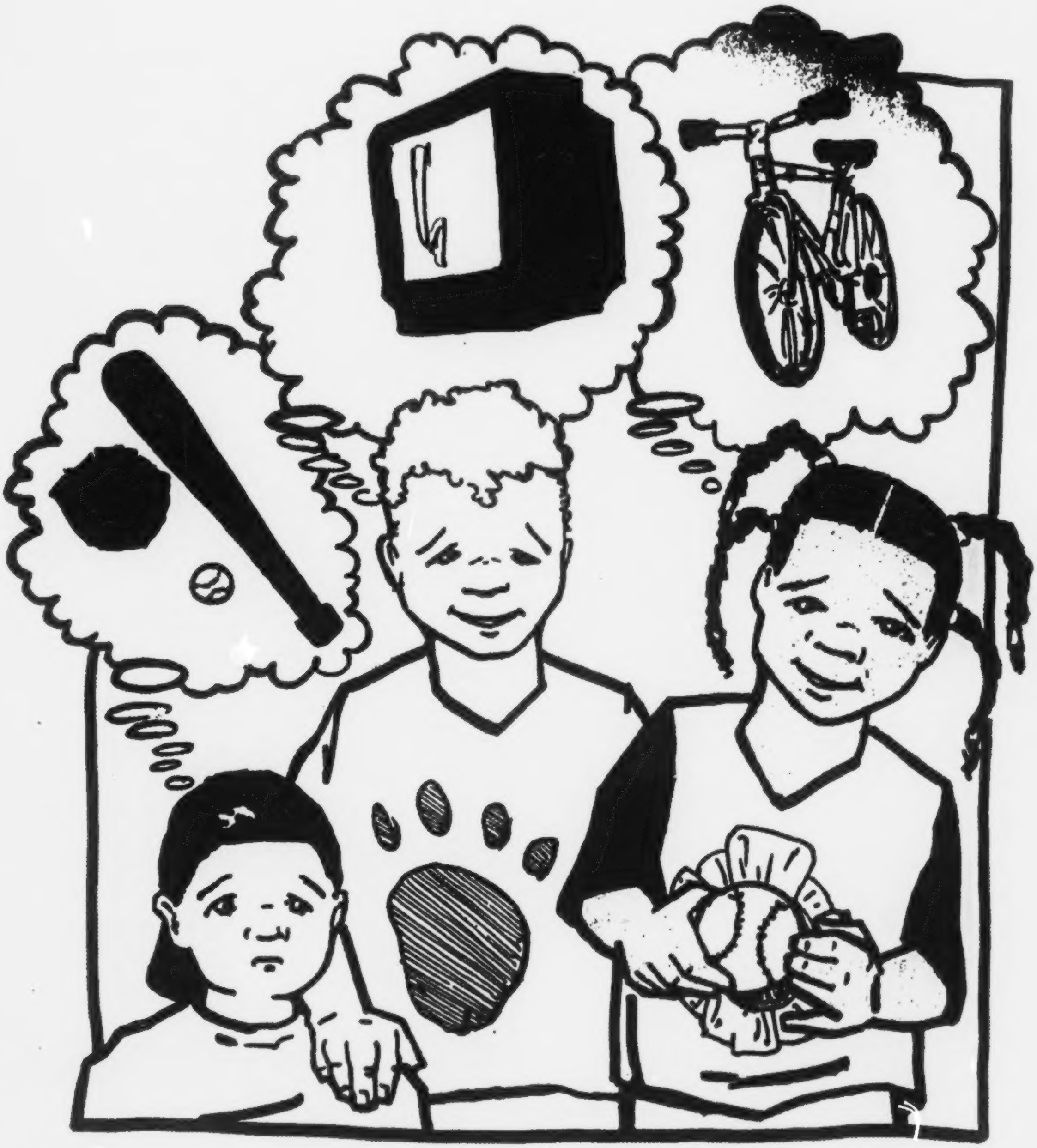
Penny asked, "Mr. Lopez, didn't you want a car? I don't think riding the bus is much fun."

"And going home doesn't sound too exciting either," said Nicholas. "I wouldn't spend the money I saved on something like that."



Mom, Ms. Kim, and Mr. Lopez all smiled at each other.

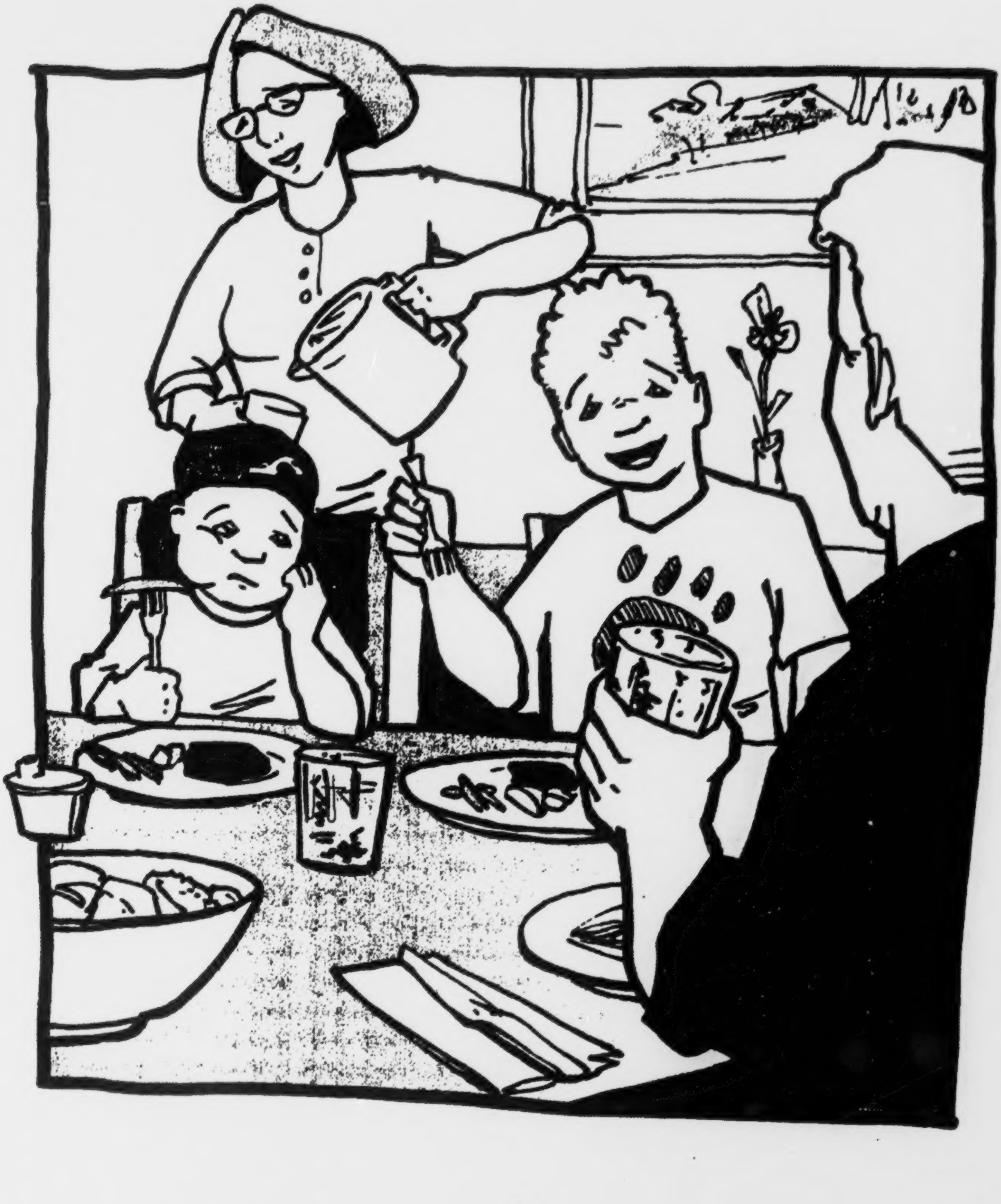
"Penny," Mr. Lopez said "you and Nicholas are young. Bikes, movies, and ball games are fun for you, and you have to save money for those things. But as you get older, you have different



wants. Nicholas doesn't want the same things Christopher wants. You don't want the same things your mom wants. Before you know it, you will be all grown up and you will have new and different wants, too."

They all began talking at once about the things they wanted.

Then Mr. Lopez smiled and said, "Well, Peluche, we'd better get home. We have many plans to make. I am so glad I saved for this trip. It has really been worth the wait, but now I must make some more decisions. I need to think about just when I want to leave, how long I will stay, and what to take with me. See, Penny! Decision making never ends, even when you are old," Mr. Lopez said as he waved good-bye.



Story 8

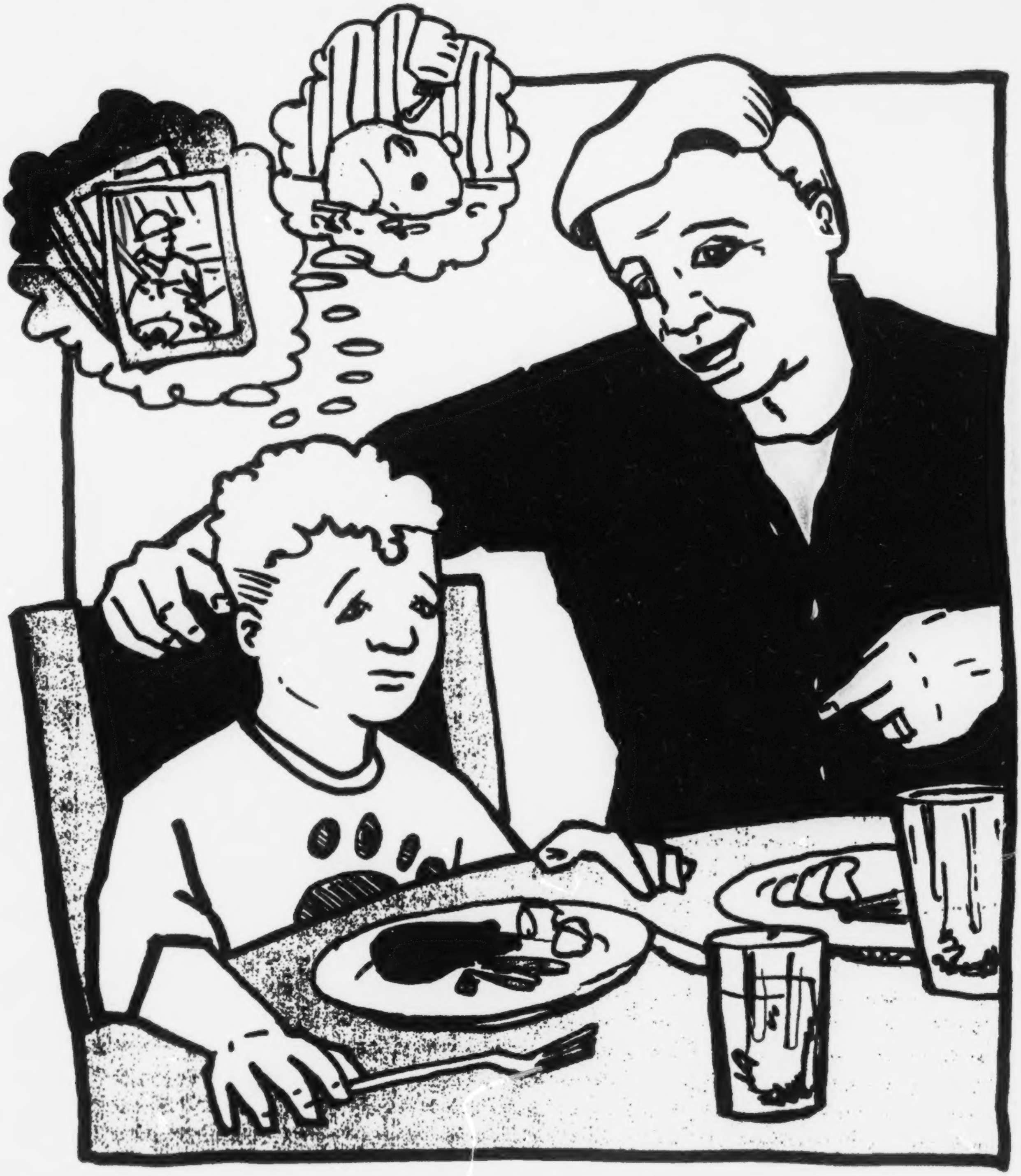
Nicholas Has Many Wants

Mom, Dad, Christopher and Nicholas were sitting at the dinner table talking about the day and what everyone had done. Nicholas told Dad about going to the grocery store with Mom and Christopher. He mentioned that he had bought a candy bar with some of his birthday money, but he had eaten the candy on the way home.

Dad asked, “Well, have you decided what to do with the rest of your money?”

Nicholas shook his head and said, “No, I haven’t. I’ve been dreaming about all the things I want to buy. I want to go to the school carnival. I want to see the new movie at the theater. I would like to buy some new baseball cards for my collection, but I think I really, really want a hamster.”

“Sounds to me like you have a problem, son.” Dad said. “You have a lot of wants but not a lot of money. You satisfied one of your wants when you bought and ate your candy bar, but now you have even more wants.”



"Yes, I really wanted that candy bar this morning. But now I'm sorry I bought it, because it's gone now and so is the money!" sighed Nicholas.

"And now you want a lot of things," Dad told Nicholas. "You want to go places and do things, you want baseball cards, and you want a hamster. You are really going to have to make some choices."

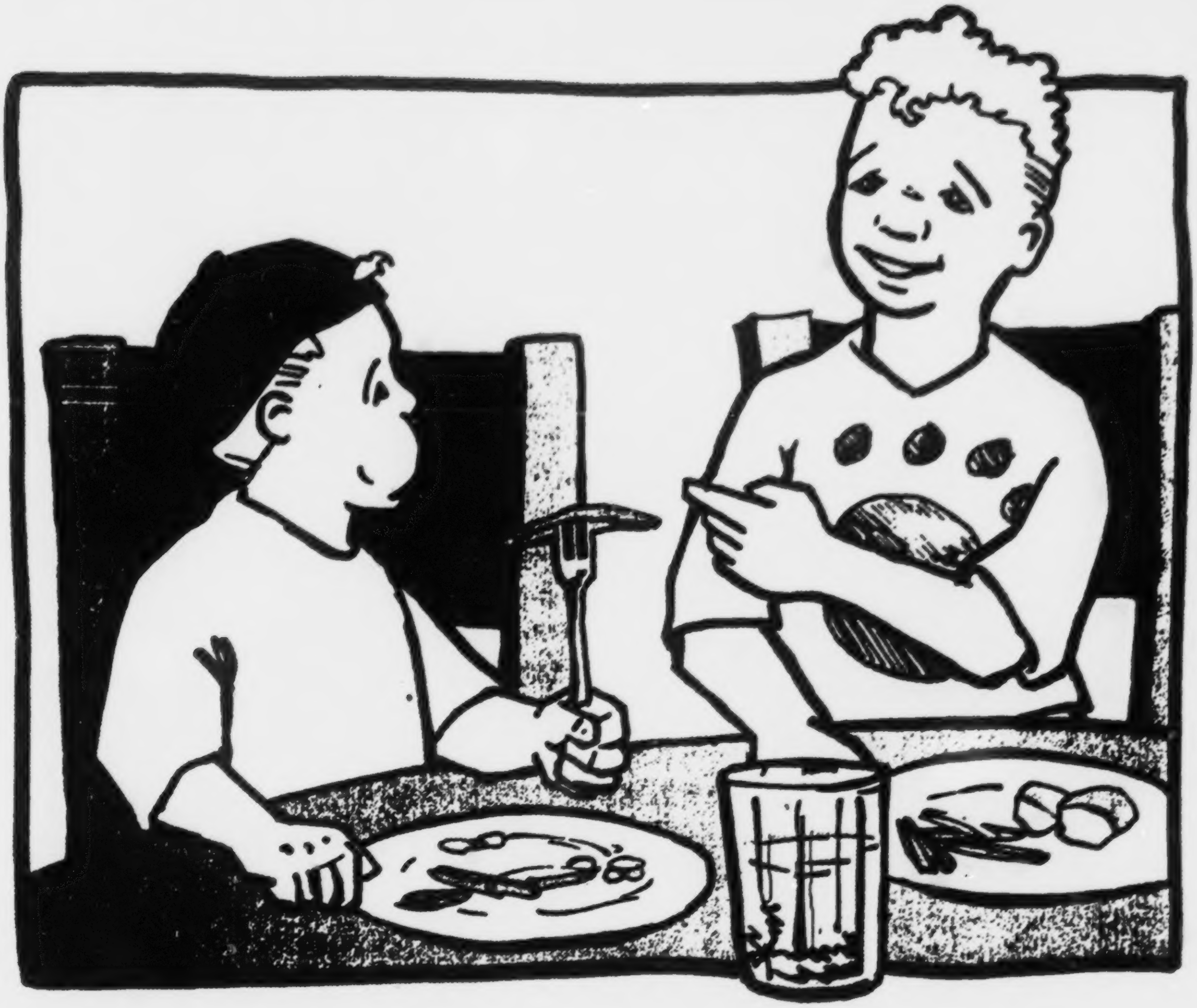
Christopher interrupted, "Oh boy! We're going to get a hamster! Yea! Yea!"

"Now wait a minute, Christopher. This isn't your money, and it isn't your decision. I haven't made up my mind yet," Nicholas explained.

Dad asked, "What makes you want a hamster so much? You've been talking about this for quite a while."

"Brian has a hamster, and he's always telling me about how much fun it is to play with Scamper," said Nicholas.

"Is that why you want a hamster—because Brian has one? Do you know anything about hamsters?" Dad asked.



“Well, I know that Scamper eats out of Brian’s hand,” Nicholas explained. “And he plays in his cage, and he even has an exercise ball that he runs around in. Brian says the whole family laughs at him and enjoys watching him. Scamper even stores food in his cheeks...kind of like Christopher does...only Scamper’s a lot cuter!” Nicholas chuckled as he looked at Christopher, and Christopher scowled back at him.

Dad replied, "Nicholas, don't tease your brother. I know you want a hamster, but before you make a decision you need to think about all the things a hamster needs. You will have to take care of it and feed it. You said Scamper has a cage and an exercise ball. What else does a hamster have to have? You need to find out more about hamsters before you make a decision."

Nicholas looked at Mom and asked, "Mom, will you take me to the pet store some time, so I can find out more about hamsters?"

"Sure," Mom answered. "Maybe we could go tomorrow afternoon."

The next day as Mom and the boys approached the pet store, Christopher exclaimed, "Oh, look at the picture of the pretty fish. What kind is it? What does it say? What does it say?"

"It says S-A-L-E and that spells sale," Mom answered, pointing to the letters. "The sign says that goldfish are on sale for a special price. And if you buy one, you get one free."

"You know, Mom, goldfish might be fun," Nicholas said. "And they wouldn't cost very much either. Maybe that's what I'll get!"

"But Nicholas, you told us last night that you wanted a hamster," Mom remarked, as they entered the store. "Now this afternoon you want goldfish. You don't have enough money to buy a hamster and goldfish. Are you sure you're ready to make a decision?"

"Hello. How can I help you?" the sales clerk asked.

"I came here to find out what a hamster costs." Nicholas replied. He hesitated and then said, "But now I don't know whether I want a hamster or goldfish. Making money choices is pretty hard. My wants just keep going on and on, but my money doesn't!"

It seems Nicholas must make a decision.

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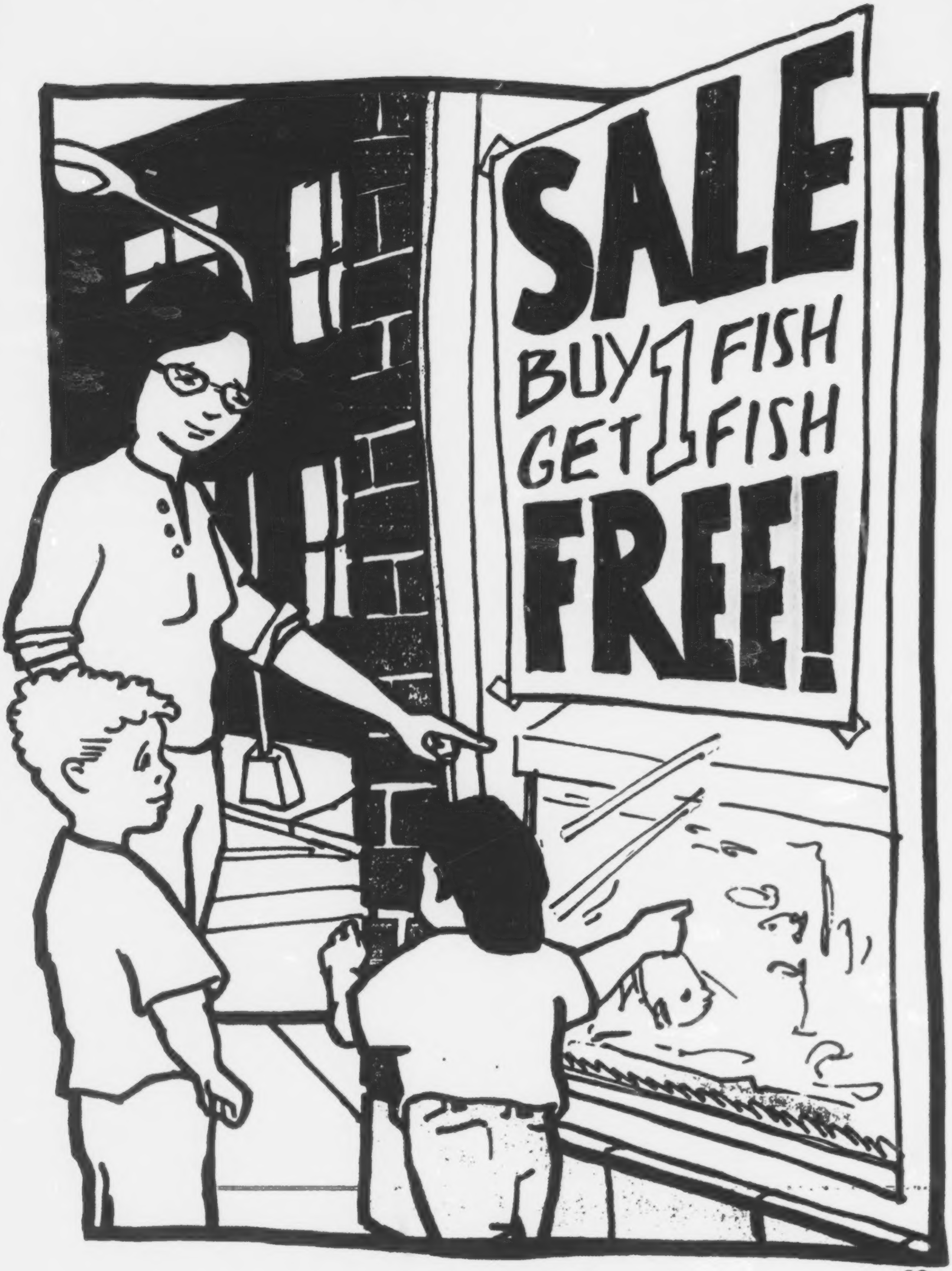

SALE
BUY 1 FISH
GET 1 FISH
FREE!

Story 9

Nicholas Decides to Spend

Nicholas, Christopher, and Mom looked around the pet store. Nicholas was glad his parents had suggested that he visit the pet store to learn about the costs of owning a pet. Christopher got very excited as he looked at all the birds, the fish, and especially the pet snakes. Mom thought the rabbits were the cutest, so white and fluffy. Nicholas stopped to look first at the goldfish and then at the hamsters. One of the hamsters came to the front of the cage and wiggled his nose at Nicholas. Then he started running around the cage showing off for Nicholas and making him laugh. Nicholas decided this was the pet for him. He had wanted a hamster for a long time; now he knew he wanted this hamster.

"You seem to have made a new friend," the sales clerk said. "Hamsters are a lot of fun to own. They are playful and funny, but they do require some care by their owner."

"What is the price of this hamster?" Nicholas asked.

Before the clerk could answer, Christopher called out, "Where is his price? What's a price, anyway? I want to see it, too."

"Excuse us," Nicholas said apologetically. "This is my little brother and he's pretty excited about being at the pet store."

"A pet store is a pretty exciting place, isn't it?" said the clerk to Christopher.

Nicholas looked at Christopher and said, "The price is the amount of money I'll have to pay to buy the hamster. Now please, go find Mom while I find out more about buying a hamster."

The clerk picked up the little hamster and handed it to Nicholas. "The price of this hamster is $6, but you will need some other pet supplies to help take care of it. You will have to buy hamster food, a water bottle, bedding, and, of course, a cage—unless you think your mom will let it run loose in the house."

Mom came up to the counter and said, "I have enough little critters running loose in the house with these two boys! I certainly don't want a hamster loose, too. Nicholas will definitely want a cage if he decides to buy a hamster. Would you please help him make a list of everything he would need to care for a hamster?"

"Yes, I would be happy to do that," the clerk answered. "The price of a hamster cage is $20. You'll need a water bottle that costs $4. Each month you'll need $4 for hamster food and $3 for bedding for the cage. There are other toys and treats for hamsters, but this would get you started."

Nicholas added up all the prices on the list. "It will cost me $37 to buy a hamster and all the things it needs. But I only have $25 and that includes my savings and my birthday money! And I could buy lots of other things with that much money," Nicholas muttered.

The clerk said, "I have a used cage in the back that already has a water bottle in it. I can sell you that one for $10, if you decide that's what you want to do."

"That would still be quite a lot of money," Mom said. "But you do have enough money to buy it, if you decide that is what you want to do. Let's go home, and you and Dad and I can talk about what you have learned about the cost of having a hamster. Then if you decide to spend your money this way, we'll come back tomorrow and get the hamster."

"Will you save this one for me until tomorrow?" Nicholas asked as he handed the hamster back to the clerk. "It's a lot of money, but I already love this hamster!"

"Sure," the clerk answered "I will be happy to do that for you."

PET SAVE

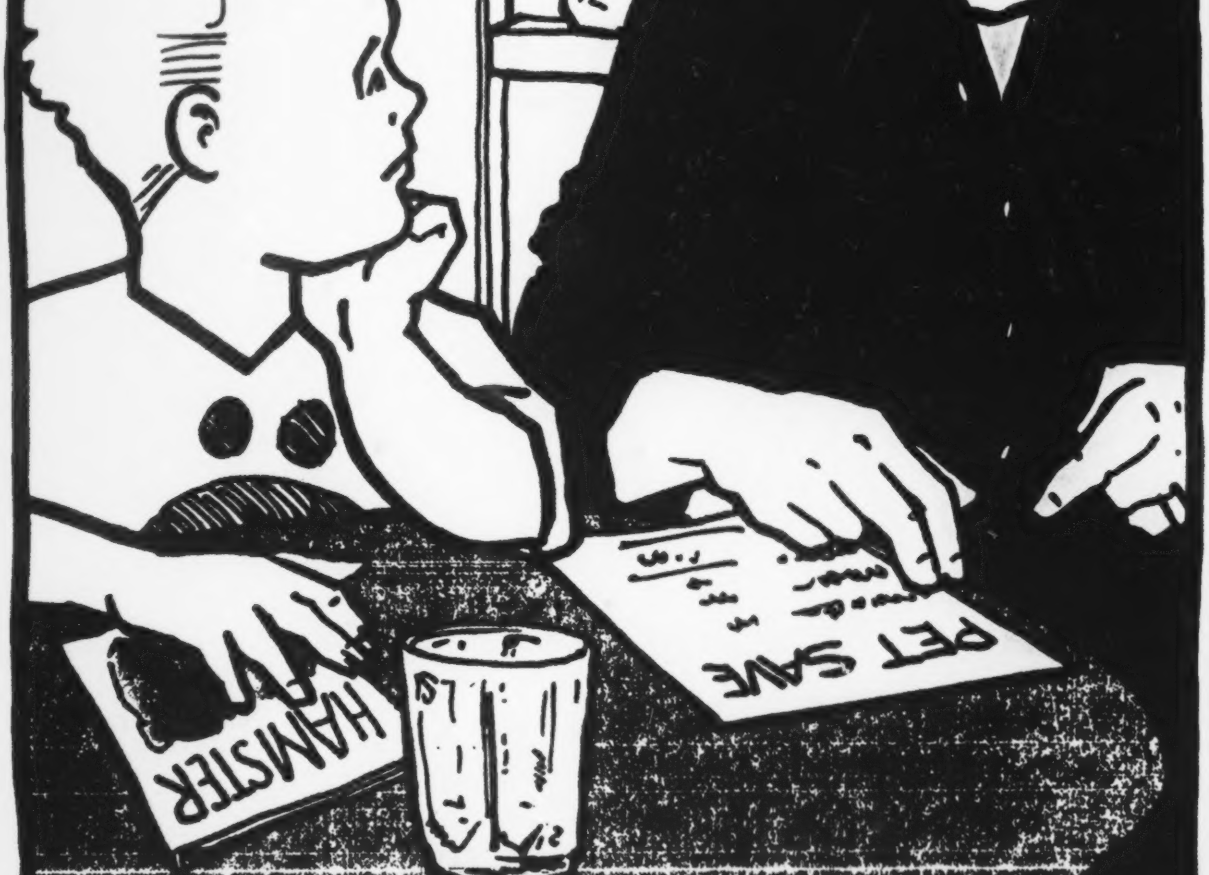
At home, Nicholas showed Dad the list. They looked it over and talked about the prices of all the things a hamster needs. Nicholas told Dad that hamsters cost a lot more than he thought.

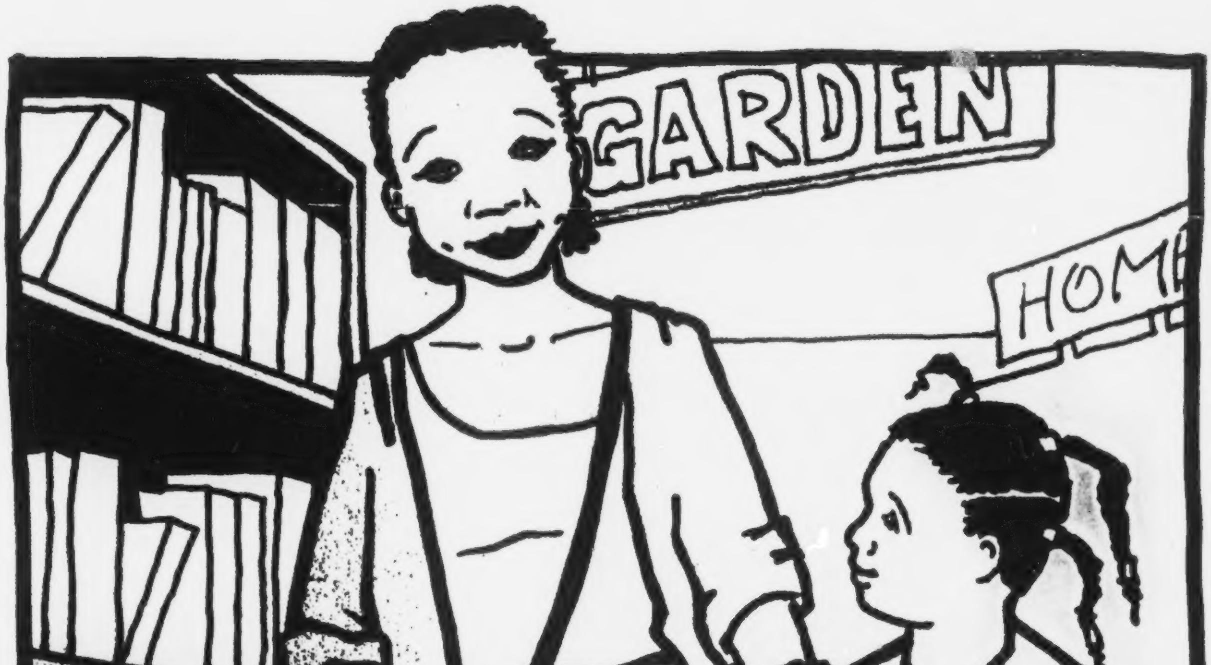
"Are you sure you want to spend that much for one little hamster?" asked Dad. "Even with a used cage, that's a lot of money."

"Yes, I am sure!" Nicholas announced proudly. "I have made a decision. I want to buy the hamster that I played with today at the pet store. I have enough money to buy everything I need if I get the used cage. Maybe I can find a way to earn some extra money to buy some hamster toys and treats later."

"Well, you need to think about having enough money to buy hamster food and bedding each month. That will cost $7. That's more important than toys and treats. You will have a new responsibility when you get a pet. Are you going to take good care of it?" Dad asked.

"Oh, yes, Dad. I really will," Nicholas promised. He was already daydreaming about buying his new pet and bringing it home. "I can hardly wait until tomorrow!" he added. "I wonder what I should call it? Now, let's see....What's a good name for a hamster?"


HAMSTER
PET SALE


GARDEN
HOM
FLOWER

Story 10

The Shopping Trip

Penny ran to her room to get some money from her savings bank. She was going to the mall with her mom. She wanted a new, three-ring notebook for school. She had seen a notebook advertised on television yesterday that she really liked. Mom was going to get paper towels, plant food, and a book about flowers for Ms. Kim's birthday. Penny added "a notebook" to Mom's shopping list.

Penny loved going to the mall with her mom. They stopped at the bookstore first. As they searched for just the right book for Ms. Kim, Mom remarked, "I think it was a wonderful idea to get Ms. Kim a book about flowers. You were really thinking of her and her love for gardening when you suggested it."

"She always has such a pretty flower garden," Penny answered. "I'm excited about her surprise birthday party. She is always nice to everyone in the neighborhood, and I'm glad we're going to do something to celebrate her birthday." They found a book they liked and headed for the cash register.

"Oh, Mom!" Penny said as she grabbed a book from a display. "A book about dog care and grooming! I want to buy this book! Did I tell you that Mrs. Johnson has asked me to feed her dog while she is on vacation? It's the first job I've had for my new pet care business. You know how I want to get my business going, and this book can really help me! I really want to start earning some money, right away!"

"Have you got enough money to pay for it?" Mom asked.

"Yes," said Penny. "It's only $3.00, and I've got more than that."

"Okay," Mom said, "but we better pay for our things and get on with our shopping."

Penny was already reading her book as the clerk gave her some change and her receipt. Next they stopped at the plant store for the plant food Mom had on her shopping list. Mom told Penny as they walked down the mall, "I only have one more stop, for paper towels, and we can get those at the discount store on the way home. Do you want to get your notebook before we leave the mall?"

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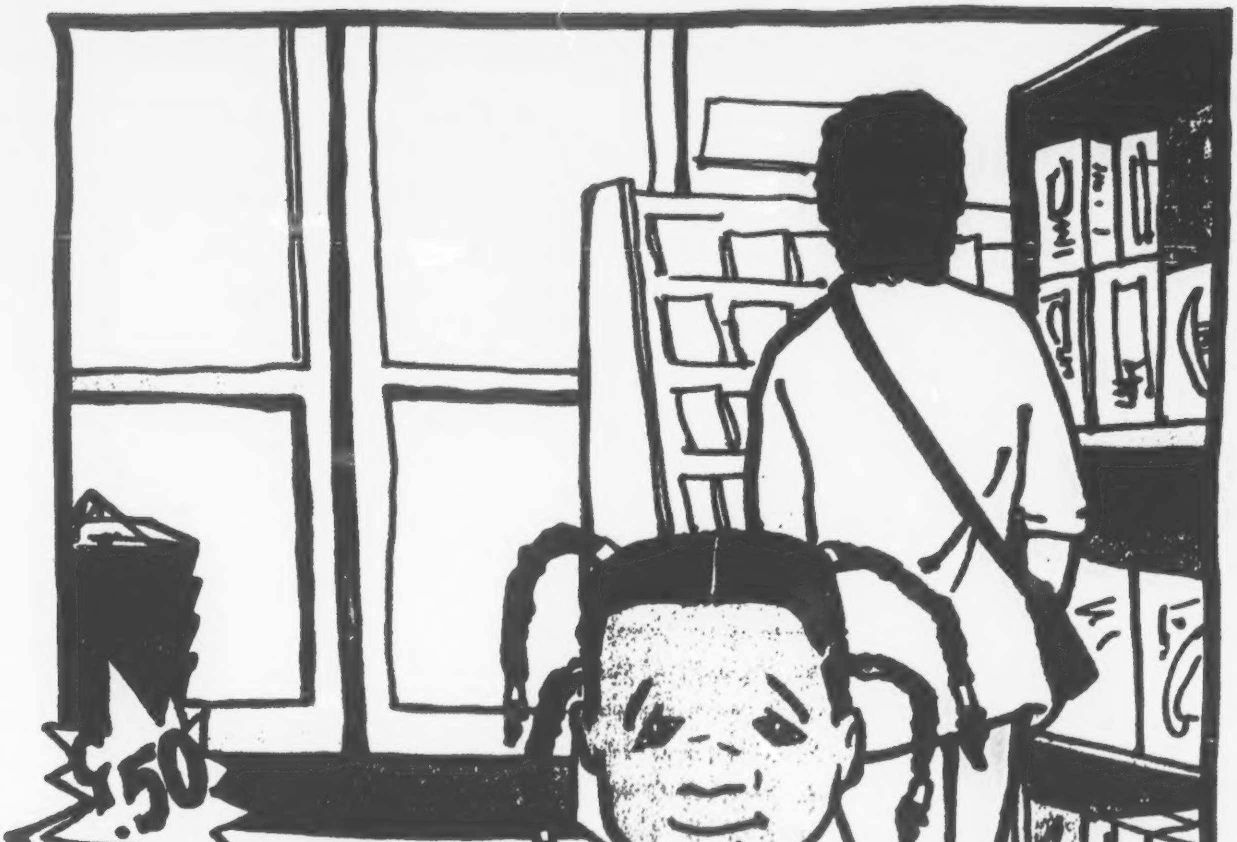
DOGS
CAR
BOS
BOO



.50
Wickey Woks
Wickey Woks

Penny stopped walking. “Oh,” she moaned. “I completely forgot about my three-ring notebook when I saw that book on dogs. Now I don’t have enough money to buy it. And I needed that notebook for school! But I spent most of my money on the dog book.”

“Then I suppose you will just have to use your old notebook,” Mom said. “You can save your allowance, and I will bring you back to the mall later. I always enjoy coming to the mall. And since you’re getting your pet care business started, you will begin earning more money. So maybe you could get the notebook even sooner. Let’s go now and we can stop at the discount store for the paper towels.”

They stopped at the discount store for the paper towels. As they entered the store, Penny saw a sign advertising Wickey Woks for 50 cents. She told her Mom, “I have some change left from buying my dog book. I think I’ll buy some Wickey Woks. I’ll pay for them and wait for you at the checkout counter.”

Mom called back, “You stay there at the counter. I’ll get paper towels and be right back.”

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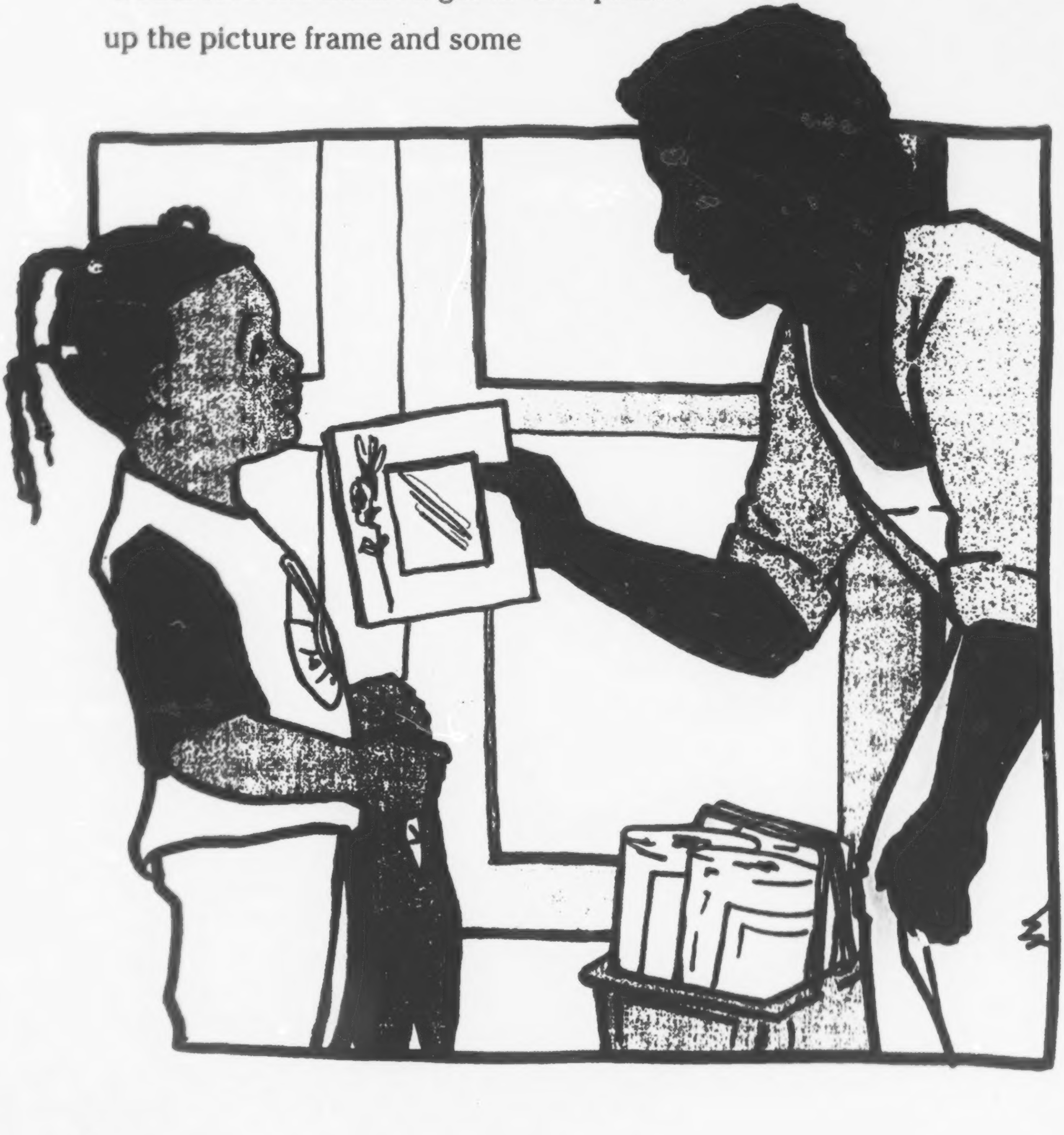
As Mom walked down the aisle, she saw a display of picture frames. A small white one with blue flowers caught her eye. She thought to herself, "Penny's picture could go in here, and Ms. Kim would love it! I think I'll get it." She picked up the picture frame and some



paper towels. Then she hurried back to the front of the store to check out.

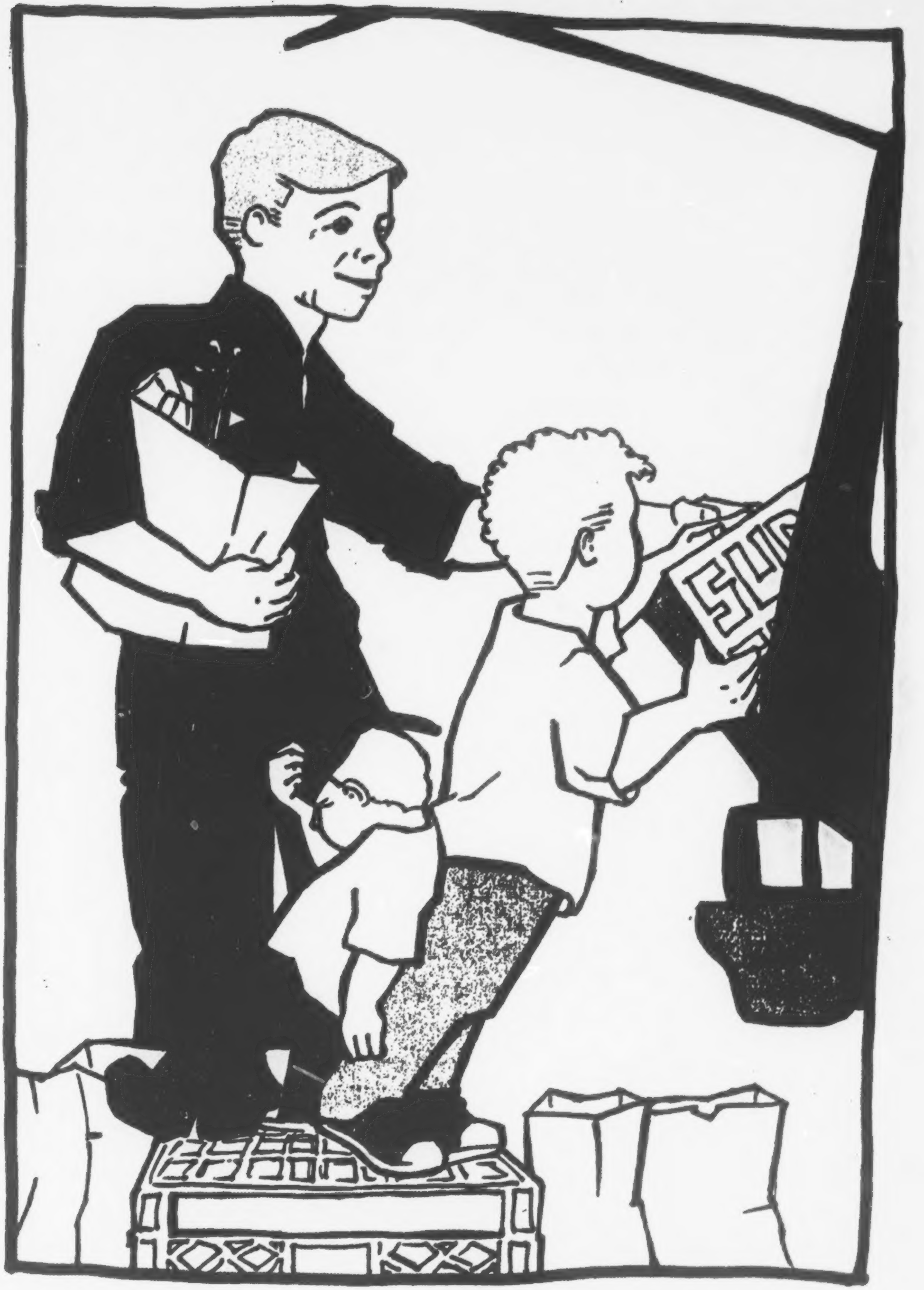
"Look at this, Penny," Mom said. "I found a nice little frame for your school picture. We can give it to Ms. Kim along with that flower book."

"That's cute!" said Penny. "I think Ms. Kim will like that."

As they left the store, Mom laughed and said, "We got most of the items on our shopping list plus a few extras we had not planned on."

"Yes, I bought two things, and neither one of them was on the list. But, I'll enjoy both of them," Penny said. Then she looked sadly up at Mom. "I wish I had my notebook, too."

"We can't have everything," Mom said. "Remember, sometimes we have to make choices."



SU

Story 11

The Ad Made Me Do It

Dad, Nicholas, and Christopher put the grocery bags into the car. "Dad, when did we start buying Sudsy Suds? I thought we used Swishy Wash," Nicholas said.

"We did use Swishy Wash," Dad answered, "but I saw an advertisement for this new Sudsy Suds on television, and the store had a special introductory price, so I tried it. Mom and I both like the way it cleans, so we changed brands."

Christopher started singing, "Sudsy Suds, Sudsy Suds, Sudsy Suds will really clean your dirty duds."

Dad laughed, "Yes, Christopher you saw the same commercial, didn't you? That is a tune that sticks in your mind, isn't it?"

Nicholas's mind was not on Sudsy Suds. He was thinking about food. Grocery shopping always made him hungry. He began humming the Pizza Palace jingle to himself. Christopher started singing, "Come on down to the Pizza Palace. Let me tell you all about it. We've got pizza, we've got salad, best in town no doubt about it!"

"I think you are watching too much television," Dad said. "Do you know all of the ads?"

But before they left the parking lot they were all singing the Pizza Palace jingle. "What do you boys want for lunch? You've made me hungry, singing about food."

Christopher shouted, "I want pizza!"

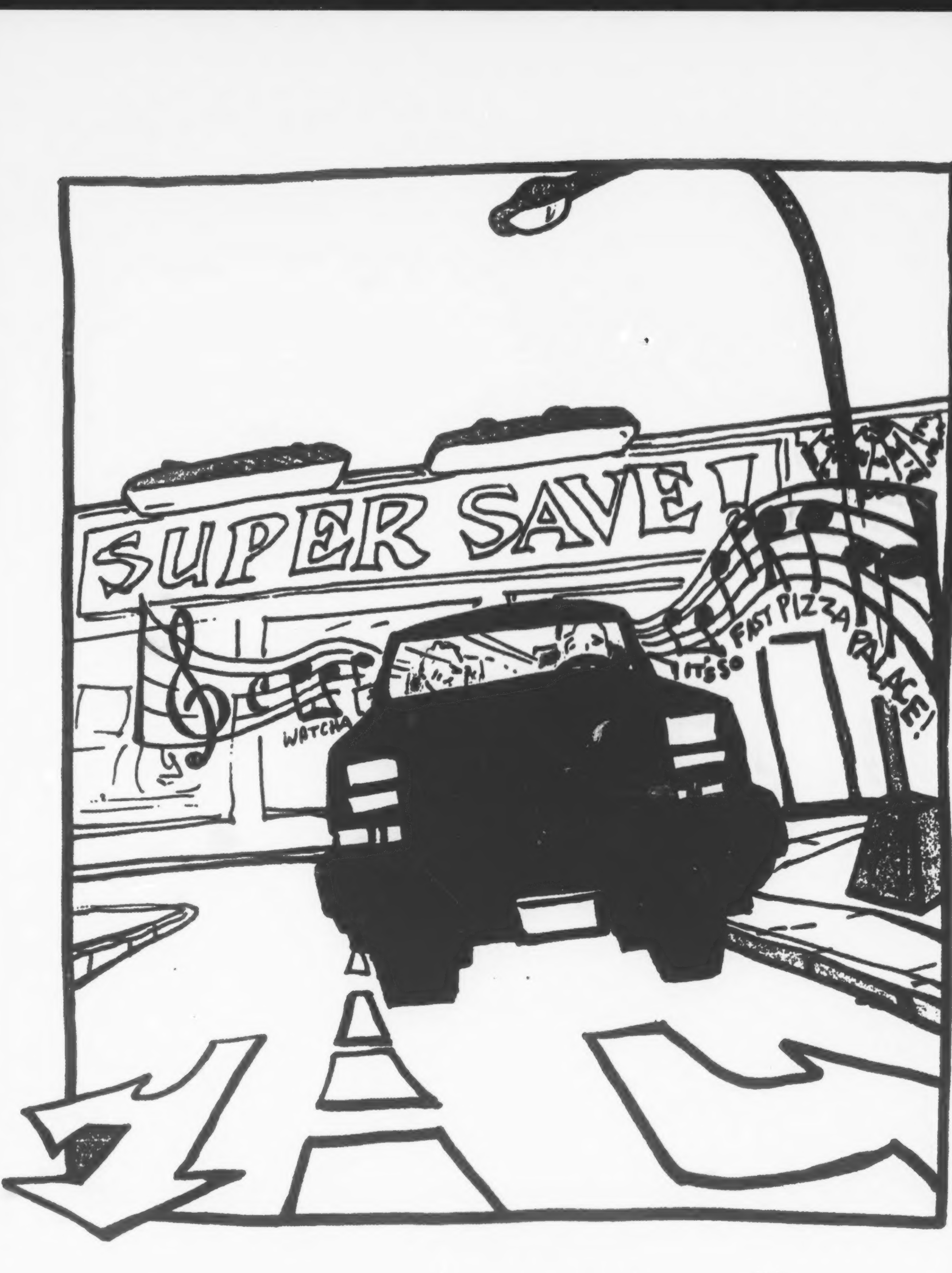
"No, you don't. You only said that because we were singing the pizza song. Besides, it's my turn to choose where we eat. You chose last time." Nicholas said.

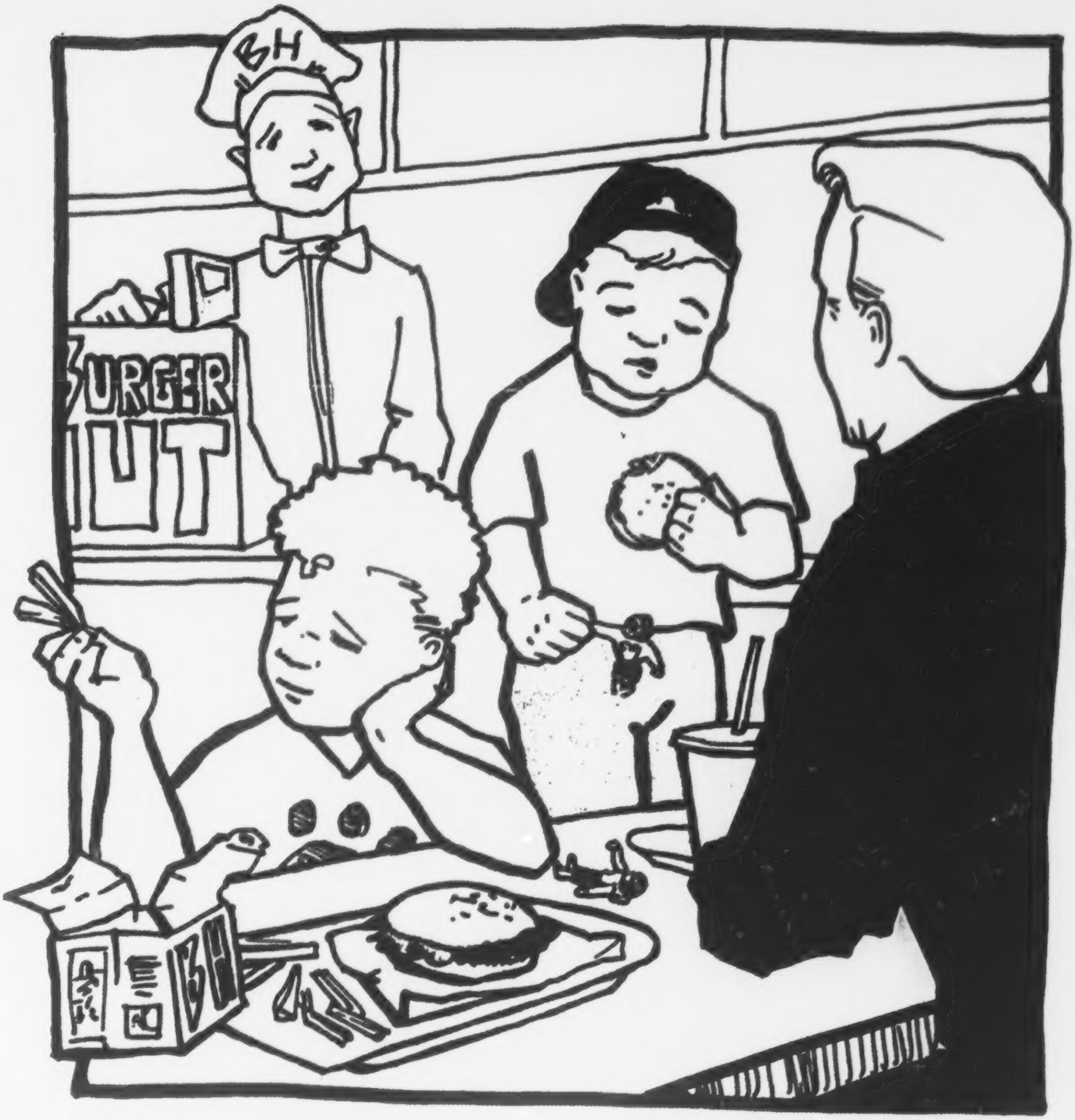
"I did not!" Christopher shouted. "And I do, too, want pizza."

"Don't yell, Christopher," Dad scolded. "It's Nicholas's turn to choose. You chose Chicken Shack last week, remember?"

"Oh, yeah, and it was really good, too. Do you want to go there again today?" Christopher smiled and asked nicely.

"No, I'm trying to decide between Taco Casa and Burger Hut. I really like tacos, but a Lunch Bunch Meal sounds good, too."


SUPER SAVE!
WATCHA
IT'S SO FAST PIZZA PALACE!



Nicholas thought for a moment and said, “Let’s go to Burger Hut. That’s where I want to eat.”

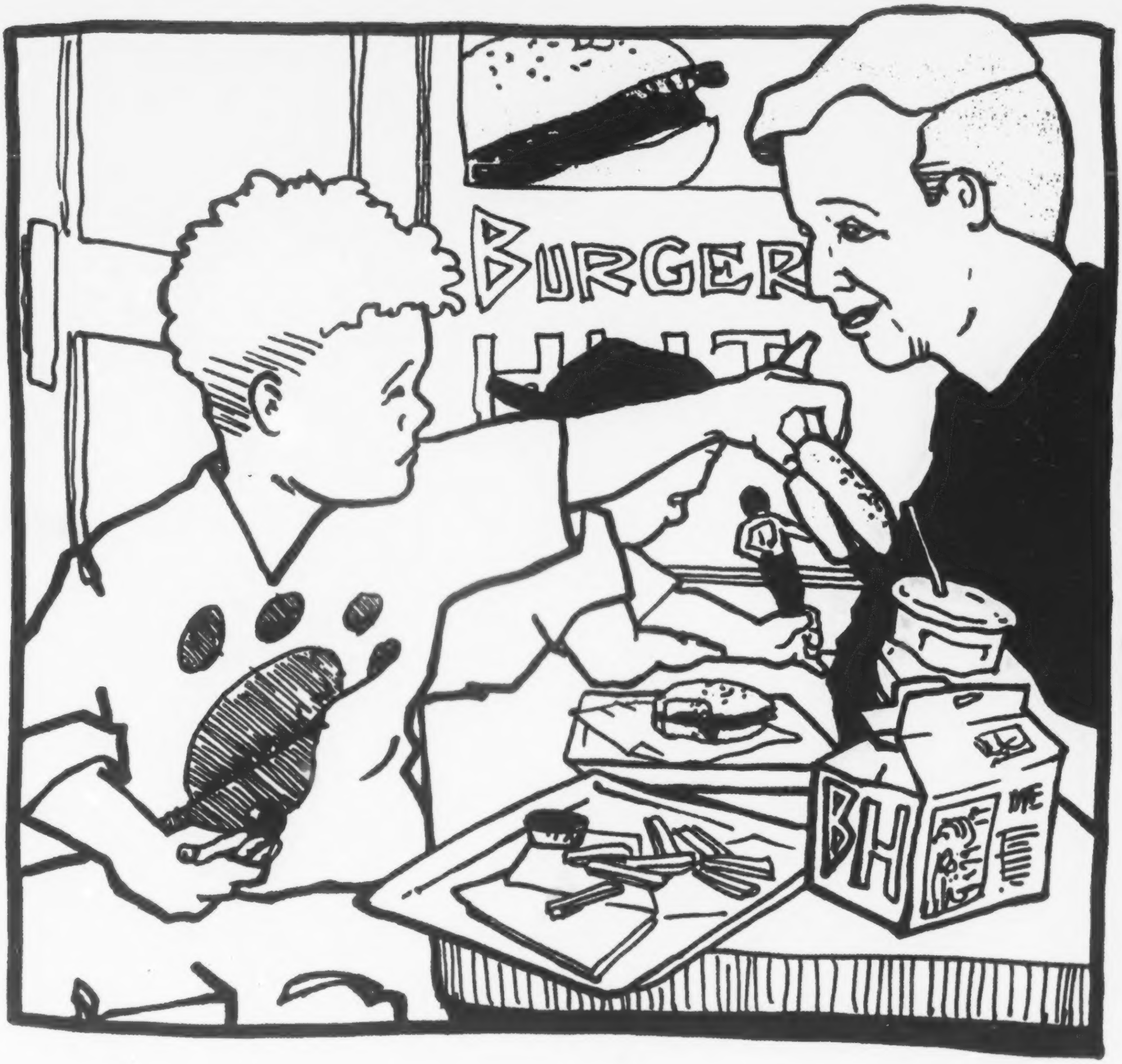
Dad looked surprised. “Nicholas, your choice surprises me. Tacos are your favorite and especially Taco Casa tacos. What made you decide to go to Burger Hut?”

"I'm not sure, but I want a Lunch Bunch Meal."

"Me, too," Christopher interrupted, "I want the toy I saw on television in the box."

"Are commercials the only things you watch on TV?" Nicholas asked. "You know every one of them."

Dad, Christopher, and Nicholas sat down to eat. The boys took their toys out of their boxes. Christopher started eating his hamburger, and Nicholas ate some french fries with catsup. He was trying to read the riddles on the box and look at the puzzles. "Boys, you need to eat. We have groceries in the car, and we need to get home," Dad said. "Nicholas, you have hardly touched your hamburger. Why aren't you eating?"


BURGER
BH

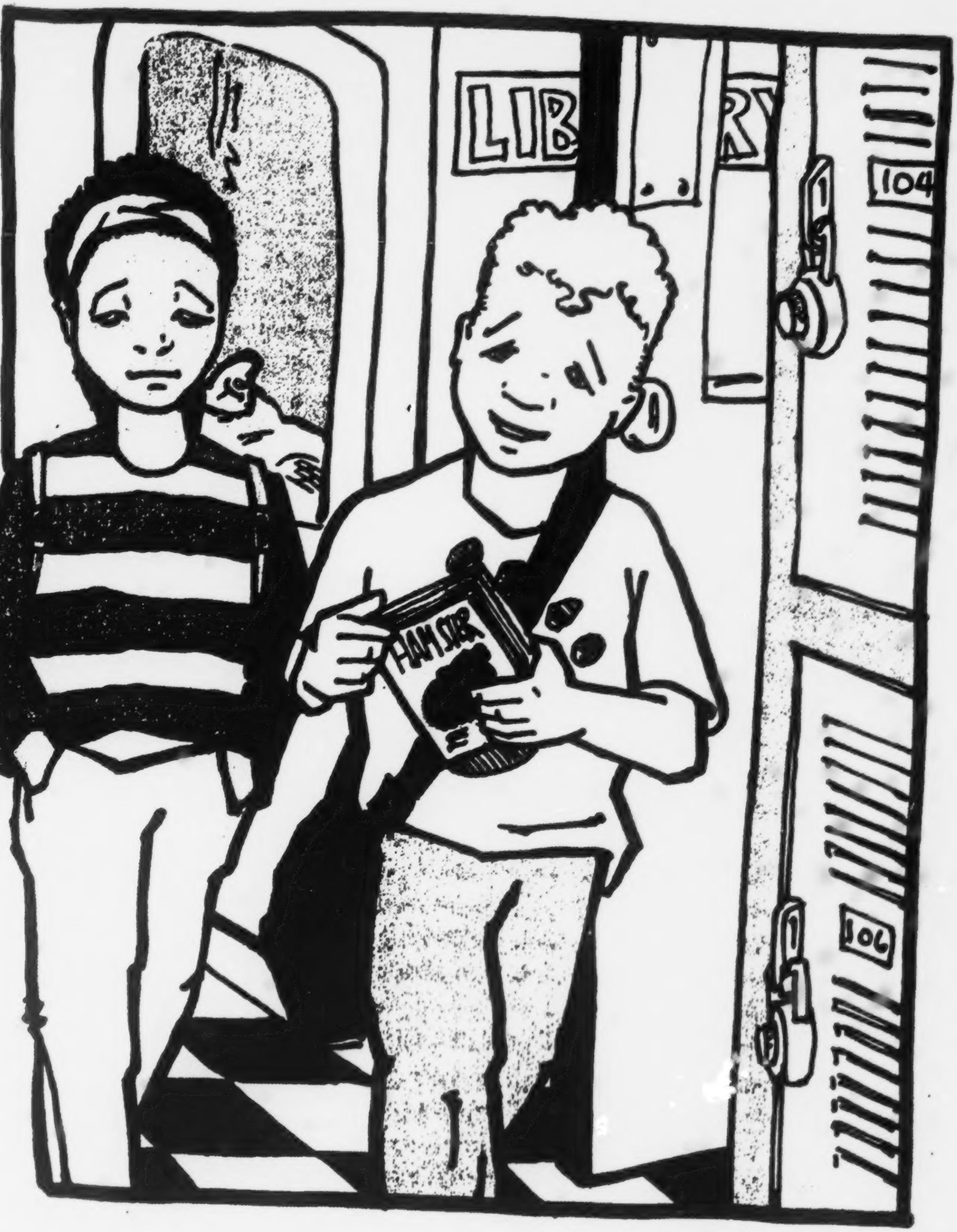
"I don't like this burger very much," said Nicholas. "Now I really wish I had chosen Taco Casa. But the toy is cool!"

"Nicholas, are you telling me you chose Burger Hut for the toy?" asked Dad. "You must have, since you don't like the food."

Nicholas thought for a moment and said, "I guess so. I saw the same commercial Christopher did, and the toy looked really cool. They showed the box with the riddles and puzzles, and I thought it would be fun. I didn't think about not liking their hamburgers as much as I like tacos. And besides, the toy isn't really that great."

"Well, Nicholas, that advertisement made you think you wanted something that you really like less than your other choice," Dad explained. "Next time you will probably want to think a little more before making your decision."

"I sure will, and I'll remember how much I like tacos, too. This toy isn't worth giving up my favorite food."


LIB
RY
104
HAMSTER
106

Story 12

The Young Borrowers

As Nicholas walked to his classroom, he thought to himself, "This is library day." For a week, he had enjoyed reading a book about hamsters. He had learned a lot of new things about Pockets, his new pet hamster. This week he wanted to get a book about dog care. He wanted to help his friend, Penny, with her dog-walking business. He wanted to earn some income to buy extra toys and treats for Pockets.

"Hi, Nicholas!" called Maria. "Did you win your ball game last night?"

"Yes, we did," answered Nicholas. "And I finished my library book, so I can return it today."

"Oh no, I forgot my library book," Maria moaned. "I finished it, but I forgot to put it in my backpack. Ms. O'Brien won't let me borrow another book until I return that one. I guess I won't have a book to read this week."

"You really have a hard time remembering to return your library books," Nicholas said. "I try to put mine in my backpack when I finish reading it, even if it isn't library day. I don't forget it as much when I do that. You might try that, Maria, to see if it helps."

At lunchtime Nicholas and Maria stood in the cafeteria line with Brian. Nicholas and Brian were discussing their hamsters. Nicholas said, "You should get that library book I brought back today. It had some real good stuff about hamsters."

"I'll try to get it next week," Brian said. "I got a book about dinosaurs today. What book did you get, Maria?"

"I forgot to bring my book back, so I didn't get a new one today. But Nicholas gave me an idea that I'm going to try, so I can be more responsible about returning my borrowed books on time," Maria said.

"Here comes Penny," Nicholas said. "I want to talk to her. I hope she will let me help with her dog-walking business. I want to earn some money."

"Hi everybody. What's for lunch?" Penny asked.

Brian answered, "It's hamburgers, fries, and cookies today. Why did you bring your lunch? This is a good lunch."

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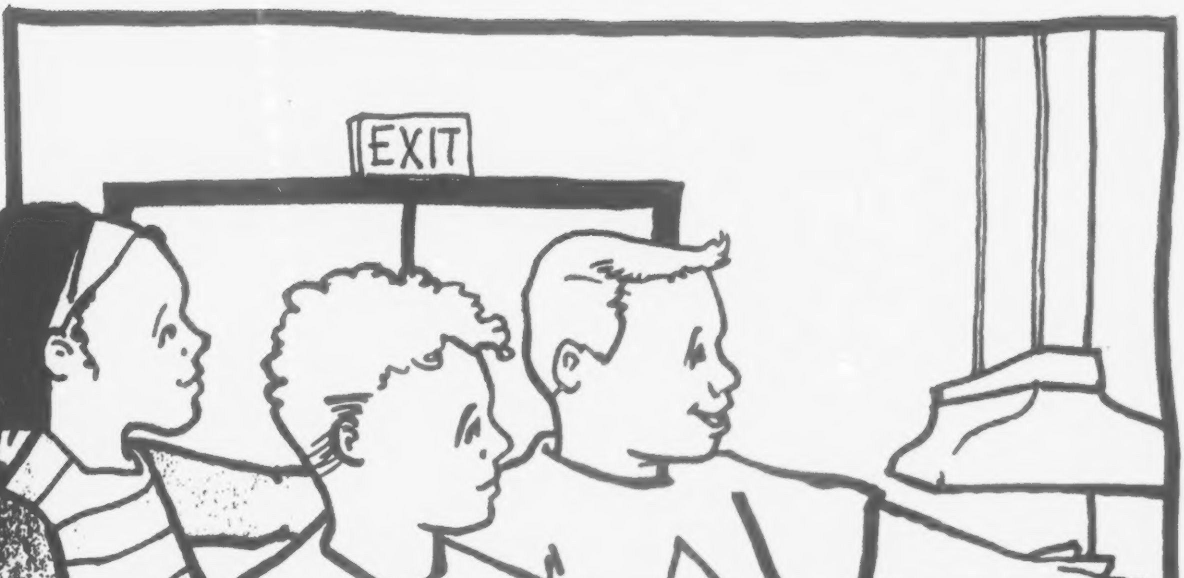
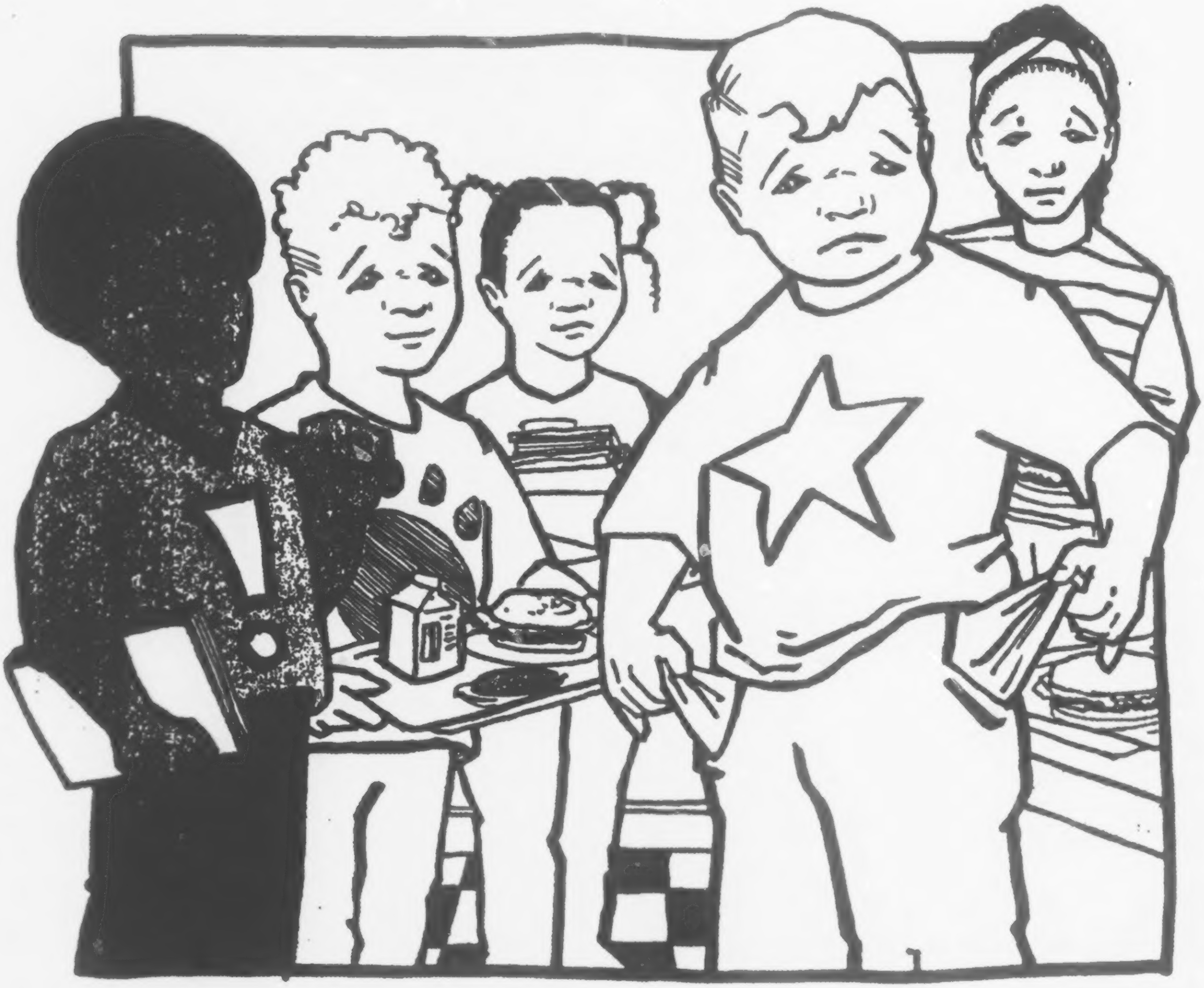

EXIT

"I'm trying to save some money for a new bike, so I brought my lunch," Penny said.

"How long do you think it will take you to save enough? I want us to be able to go bike riding together," Maria said.



"It will be a little longer. I still have to save some more money. Brian, what are you doing?" Penny asked. Everyone turned to look at Brian.

Brian had all his pockets turned inside out and was patting himself all over. "I guess I forgot my lunch money again. I'm glad I have friends to borrow money from again," he said.

They all looked at him and shook their heads. Maria said, "You can't borrow any more money from me. You never pay me back." Nicholas and Penny agreed.

"Tyrone borrowed lunch money last week, and no one fussed at him," Brian mumbled. "Well, I guess I'll have to charge my lunch. I hope I don't have a charge I haven't paid."

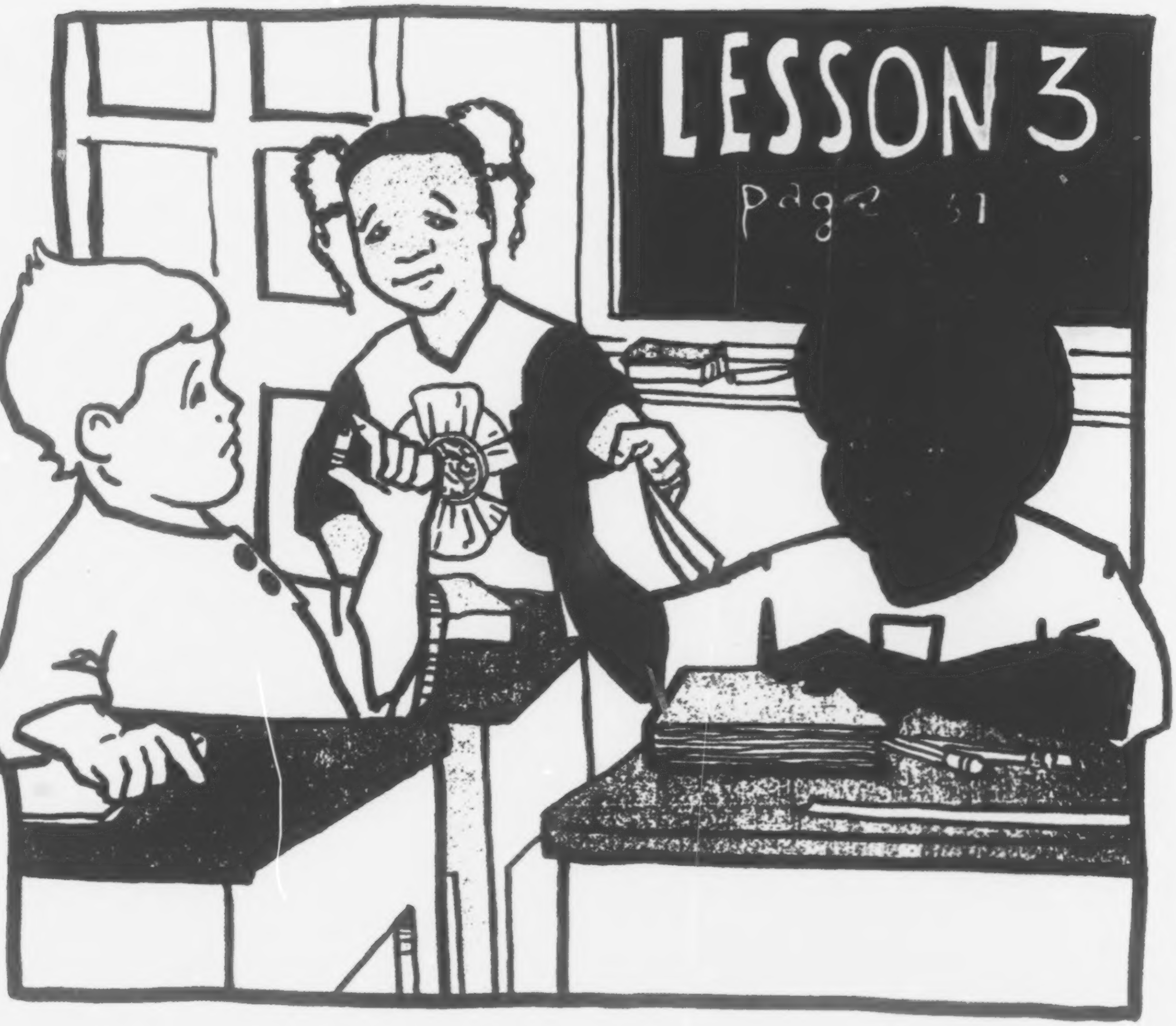
"They didn't fuss at me because I always pay people back right away when I borrow," said Tyrone. "I guess you need to remember that when you borrow."

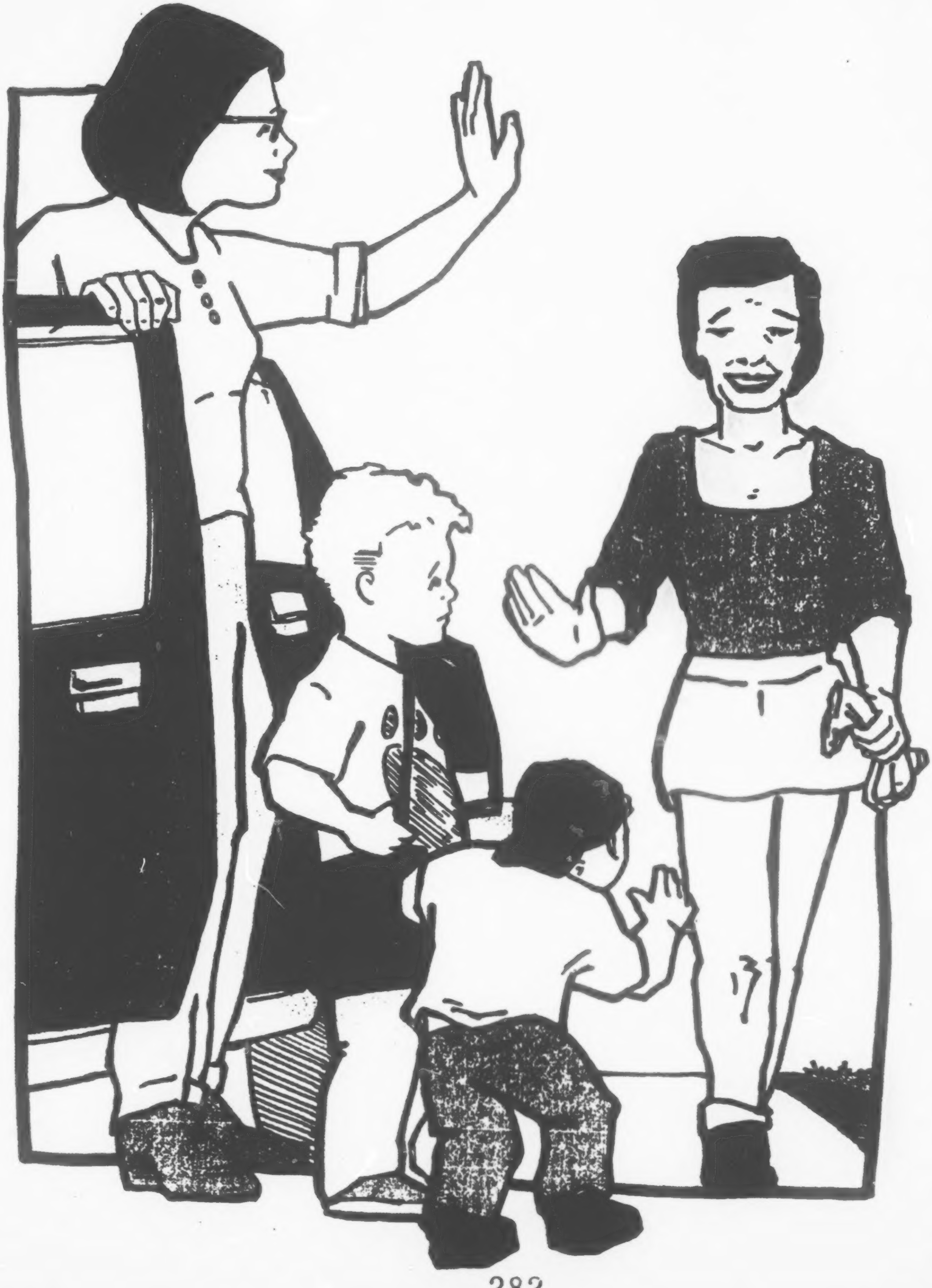
When Penny and her classmates left the cafeteria and went back to their classroom, the teacher told them they were going to practice handwriting. Penny got out her new tablet and remembered she had borrowed paper from Tyrone. She tore out four sheets of paper, and as she handed them to him she said, "Thanks for letting me borrow some paper yesterday."

"Sure, anytime," Tyrone answered. "You always pay me back."

"Psst, can I borrow a pencil? I broke the lead in mine and it's too short to sharpen," Scott said. "I forgot to tell my mom I need pencils."

Tyrone looked at Scott and shook his head. "I told you last week I'm not going to let you borrow anything else. I think that is my pencil you just broke. And now you've sharpened it too much. You borrowed it last week and never returned it. You need to repay what you borrow."


LESSON 3
page 51



Story 13

The Young Lender

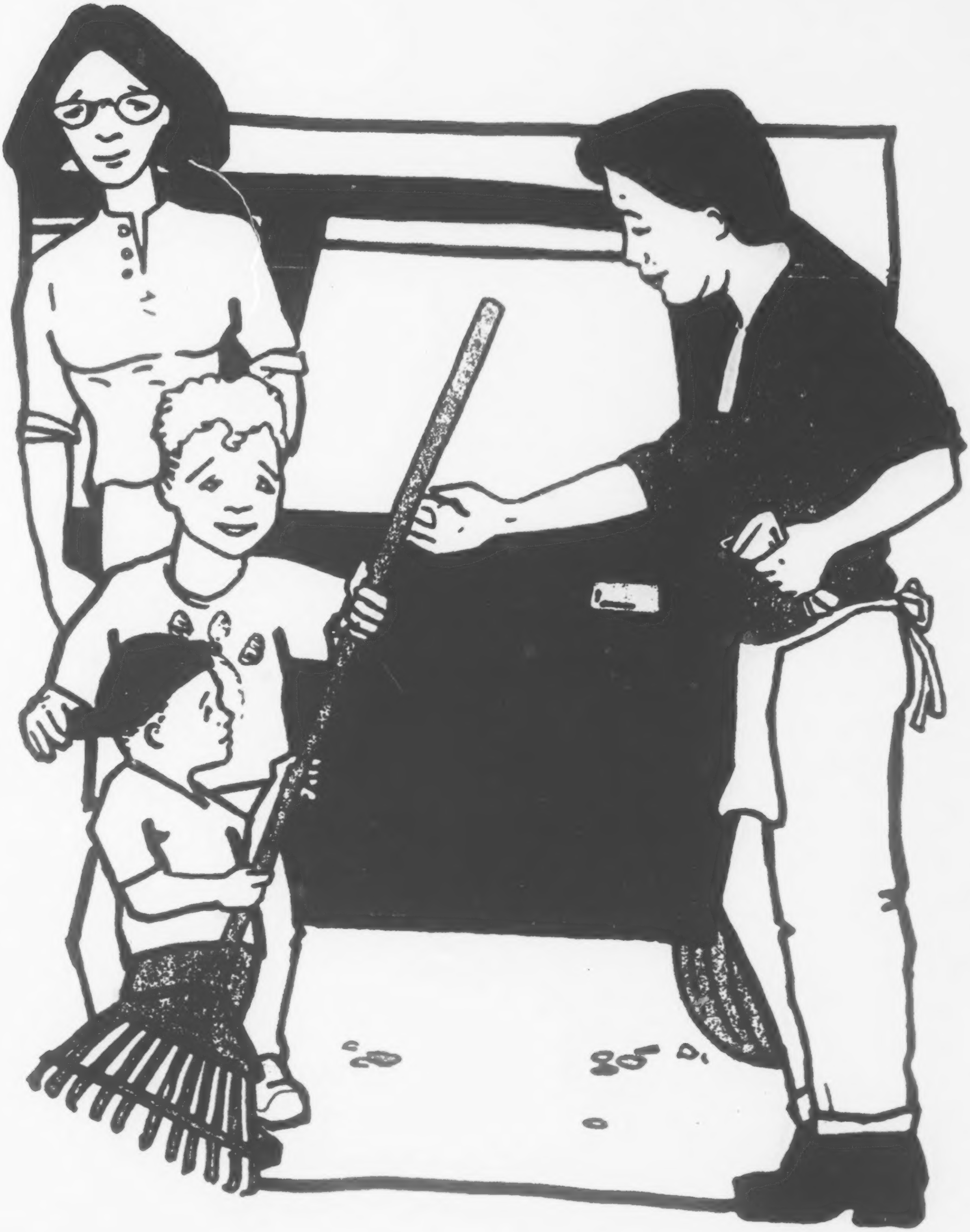
Mom, Nicholas, and Christopher honked and waved at Ms. Kim as they drove past her house and pulled into their driveway. Ms. Kim was weeding her flower garden. She was the best gardener in the neighborhood. As the family got out of the car, they saw Ms. Kim walking up their driveway. "Hi, Ms. Kim," they all called out.

"Hello, how are all of you today?" she asked.

Christopher yelled, "We just picked up Nicholas from school, and we went to the bank, too."

"Good Christopher," Ms. Kim said. "I know you are glad Nicholas is home. You miss him when he's away at school, don't you? How was your day at school, Nicholas?"

"It was pretty good. We've been studying about money, and today we learned about borrowing. I didn't know that when you charged your lunch at school, you are borrowing. We interviewed the cafeteria manager today. He told us how many students borrow lunch money and how many of them remember to pay it back without having to be reminded that they owe the cafeteria money," Nicholas told her.



"Well, that's why I'm here. I came to talk to your mom," Ms. Kim said.

Christopher stopped jumping around and said, "Do you want to borrow lunch money?"

They all laughed. Ms. Kim said, "No, but I do want to borrow something. I broke the handle on my rake while working in my garden, and I wondered if I could borrow one from your mom."

Mom answered, "Of course you can borrow our rake. You always return any tools you borrow from us. Nicholas, please get the rake from the garage for Ms. Kim."

"I'll get it," Christopher yelled as he ran into the garage. Nicholas followed him. "Help me, Nicholas. The tools are too high for me to reach. I want to take the rake to Ms. Kim." Nicholas took the rake down and handed it to Christopher.

Christopher ran out of the garage and gave the rake to Ms. Kim. "Thank you, Christopher. I'll return it as soon as I finish raking my garden," Ms. Kim said.

"Mom, may I go over to Ms. Kim's for a while?" Nicholas asked.

"For a little while. You have ball practice, so stay where you can hear me," Mom said.

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Nicholas and Ms. Kim walked down the driveway and into Ms. Kim's yard. "Ms. Kim, I have a problem. My friend Brian wants to borrow my baseball glove. He lost his glove after his last game. He left it beside the concession stand, and when he remembered he had left it and went back, it was gone. Now he doesn't have a glove, and he wants to borrow mine, so he won't have to tell his parents he lost his glove again. I told him I would have to think about letting him borrow mine. I don't know what to do."

Ms. Kim answered, "Nicholas, you do have a difficult decision to make. Lending your ball glove will take a lot of thought."

"Yes," said Nicholas. "Brian is my best friend, but he has lost two ball gloves this season. I'm afraid he'll lose mine, too. He borrowed hamster food last week and paid me back the very next day. Today at school he didn't have any lunch money, and Penny and Maria told him they wouldn't lend him any more because he never pays them back. The cafeteria manager let him charge his lunch because he had paid back his other charge. But he borrowed a pencil from me last week and never gave it back, and he didn't offer to buy me a new one to repay it."

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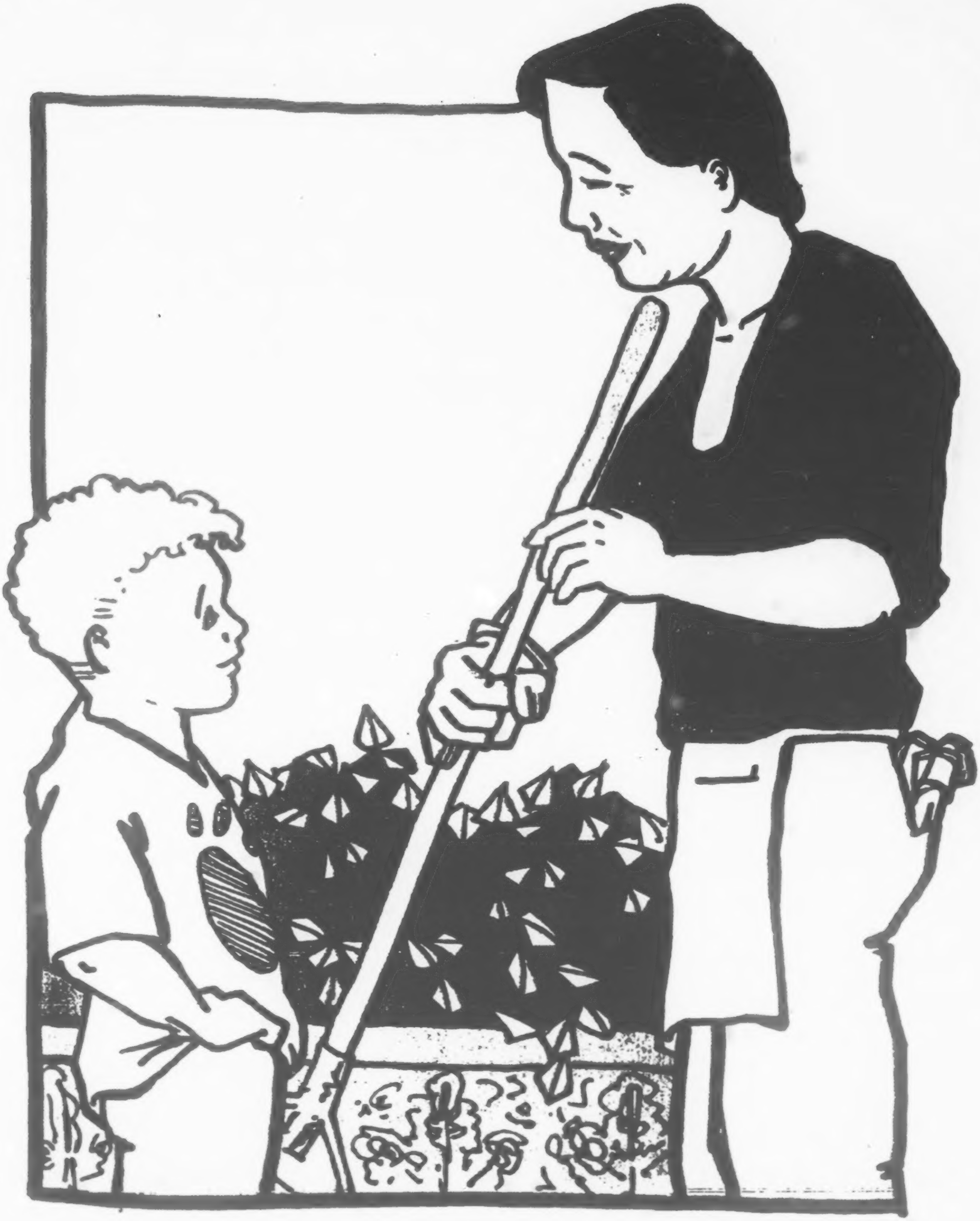
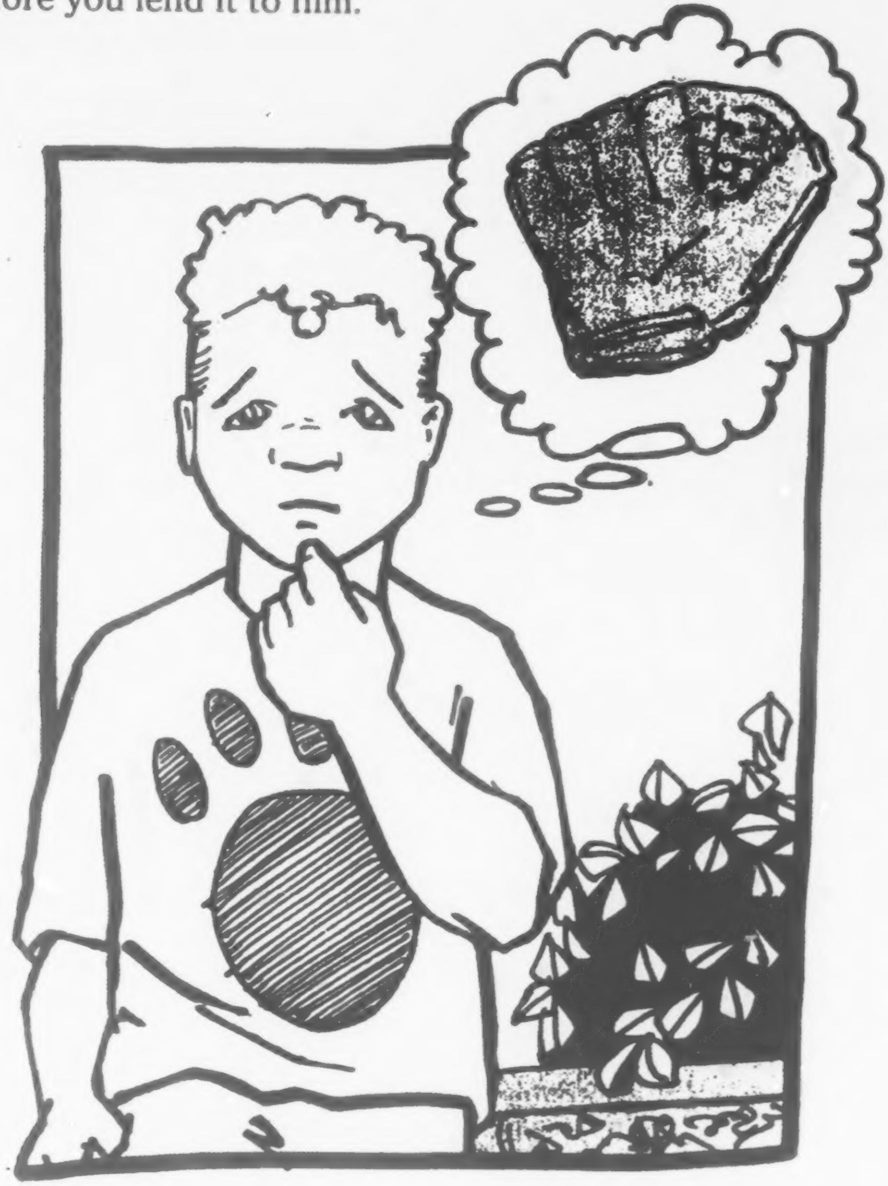


"That's a lot to think about," said Ms. Kim.

"It sure is! What do you think I should do?" asked Nicholas.

"This is a question only you can answer. You must think about what it would cost if Brian lost your baseball glove," Ms. Kim advised him. "You must decide if you can trust Brian with your glove before you lend it to him."

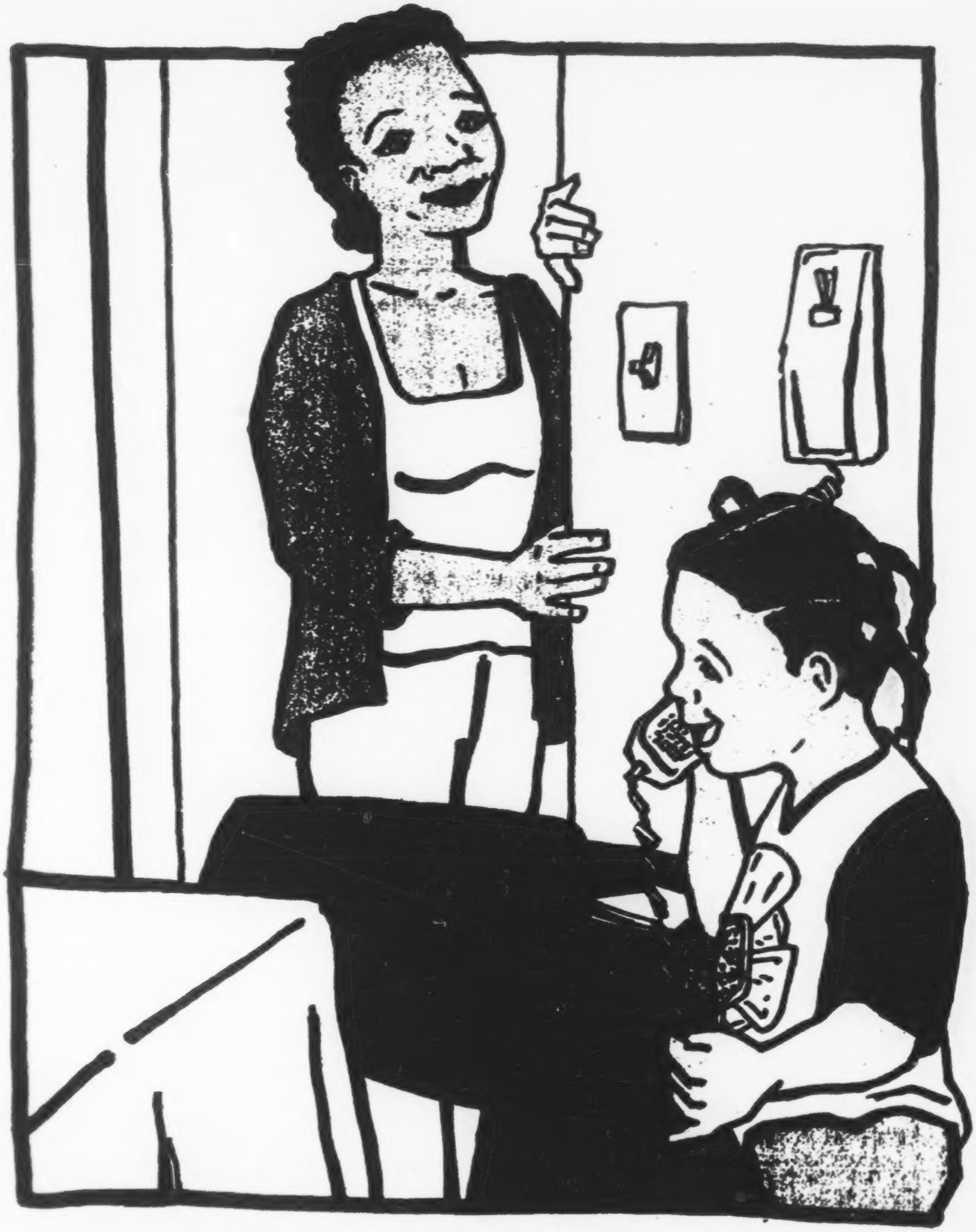


"Nicholas, you need to get ready for ball practice. Dad is on his way home," Mom called.

"Coming, Mom."

Ms. Kim said, "Please tell your mother I will return the rake later this afternoon after I finish raking my garden. I have enjoyed visiting with you, Nicholas. Come to see me again and let me know what you decide about lending your glove to Brian. Enjoy your ball practice."

As Nicholas walked home he thought to himself, "Should I lend my baseball glove to Brian? What are my costs and benefits in this decision? What should I do?"



Story 14

Empty Pockets

"Oh yes, Ms. Kim! I really would like to help you. I have a wagon I can use. When would you like me to deliver the plants for you?" Mom could hear Penny talking on the phone to their neighbor, Ms. Kim. For years Ms. Kim had been starting seeds for most of the neighborhood gardens. In the past, she had delivered the seedlings herself, but she had not been well lately, and she needed some help.

"Okay, Ms. Kim. I'll come over this afternoon with my wagon and get started," Penny said as she hung up the phone. "Oh, boy! Oh, boy!" she said as she looked at Mom with a big smile on her face. "Ms. Kim said I have done a great job taking care of the neighbors' dogs. And she thinks I'll do a good job delivering her seedlings, too. Isn't that great news, Mom? Now I can do this service for Ms. Kim and earn some more money, so I can put it in my savings account. My new bike is getting closer!"

"I'm so proud of you, Penny," said Mom. "You're a very responsible young lady, and the neighbors have noticed."

"Well, Mom," said Penny, "I'm going out to get my wagon and be sure it's ready to go to work." When she got to the garage, her smile turned into a frown. Her wagon was where she had left it, but the handle was broken off and was lying on the garage floor. Now what would she do? She didn't want to disappoint Ms. Kim. She put the handle in the wagon and pushed the wagon onto the driveway to think about the problem.

As Penny was checking over her wagon, she could hear Mr. Lopez playing catch with Peluche in the back yard. "Good girl! Bring me the ball. Good dog!" he said. Penny walked over to the fence and watched as Peluche caught the ball and brought it back to Mr. Lopez.

Mr. Lopez saw Penny and noticed her sad face. "What's the matter, Penny? Why so sad?"

"My wagon is broken," she said. "I was supposed to help Ms. Kim by delivering her seedlings to the neighbors, but I need my wagon to haul them. I don't know what to do," she said.

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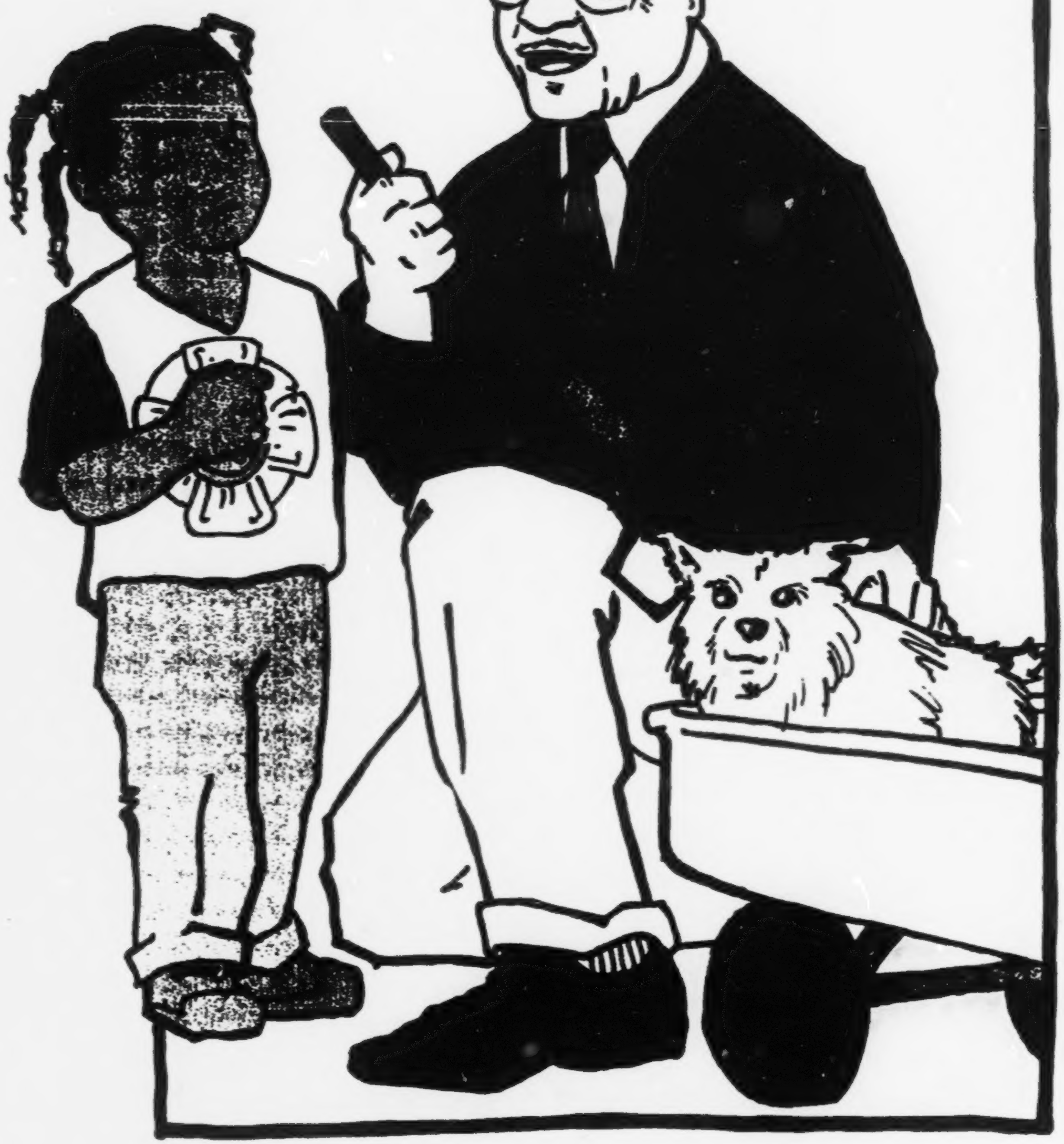


Mr. Lopez said, “Let me come over and take a look at your wagon. Maybe we can get it fixed so you can do your job.” Mr. Lopez and Peluche walked around the fence and up the driveway to the garage. As Mr. Lopez bent over the wagon and picked up the handle, he said, “Oh, I see your problem.”

“Is it bad? Is it going to cost much money?” Penny asked.

“Don’t worry, Penny. You only need a nut and bolt to put the handle back on the wagon. It won’t cost much,” he said. “I was planning to go to the hardware store to get a new shovel this morning. Would you like to ask your mom if you could go with me? We could get you a nut and bolt to fix your wagon.”

“But Mr. Lopez, that will cost money! And my pockets are empty!” Penny said as she turned her pockets inside out to show him. “I don’t have any money at all!”

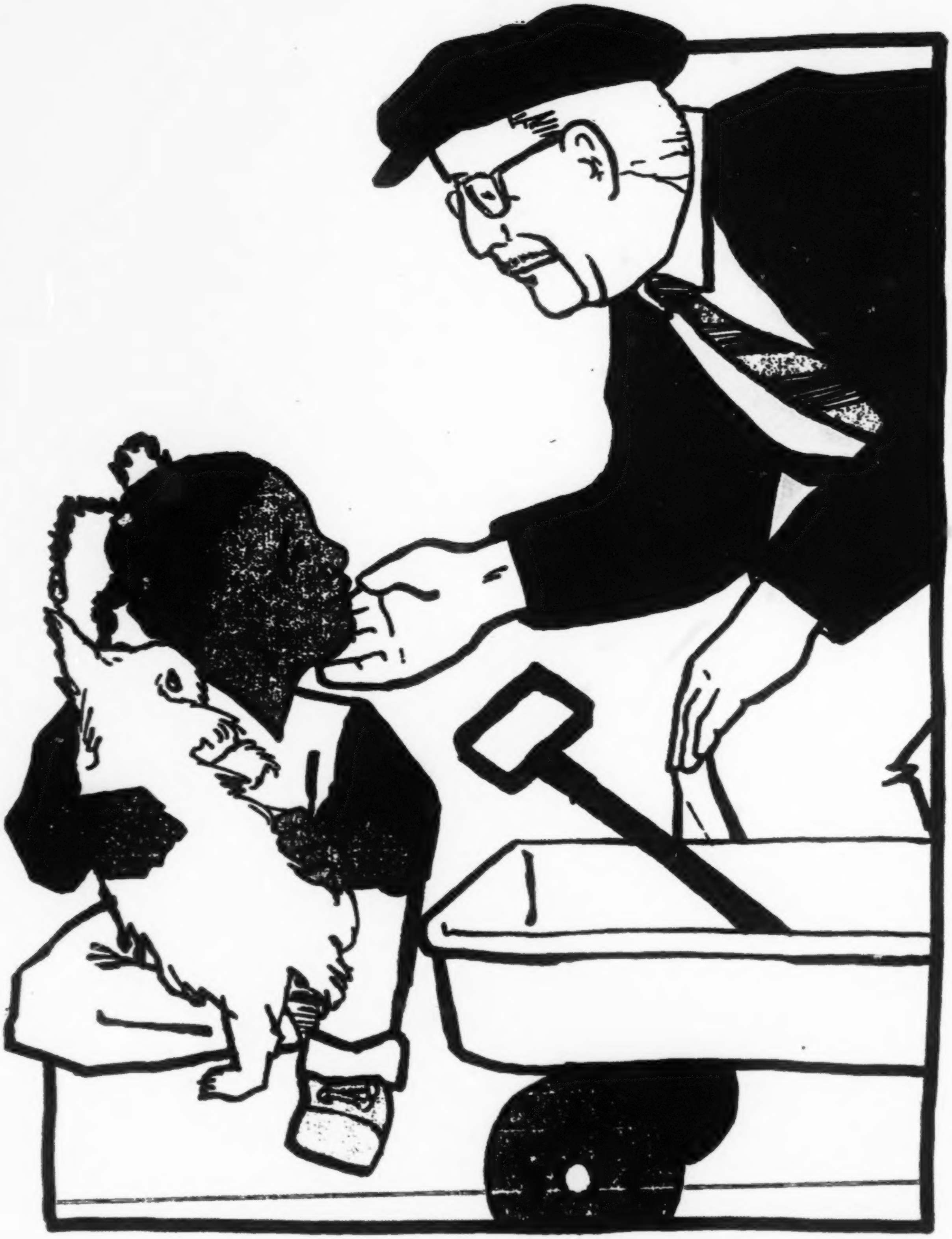
“What happened to all that money you’ve been earning lately?” asked Mr. Lopez.

"I put it all into my savings account for my new bike. I was planning to earn even more money to put in the account, too. I really want that bike! But I need the wagon to deliver the seedlings and earn the money," she told him. "I guess now I won't get a chance to do it."

Mr. Lopez felt sorry for Penny. She was so unhappy. "Penny, I think credit can solve your problem! You need money to buy a nut and bolt. I'll lend you the money and help you fix your wagon. Then you can pay me back after you earn some money working for Ms. Kim. I trust you, and I know you will pay me back."

Penny thought about Mr. Lopez's idea. Even after paying Mr. Lopez back, she would have lots of money left to put into her savings account. Credit would be a good idea for her. "Oh, Mr. Lopez, that's a great idea! Thank you! I would like to borrow the money from you. I'll pay you back as soon as Ms. Kim pays me. Let me ask Mom if I may go with you."

As Penny went into the house, she was thinking about her new responsibilities—her new job and repaying a loan. And she really was getting closer and closer to the new bike!



Story 15

A Budget for Nicholas

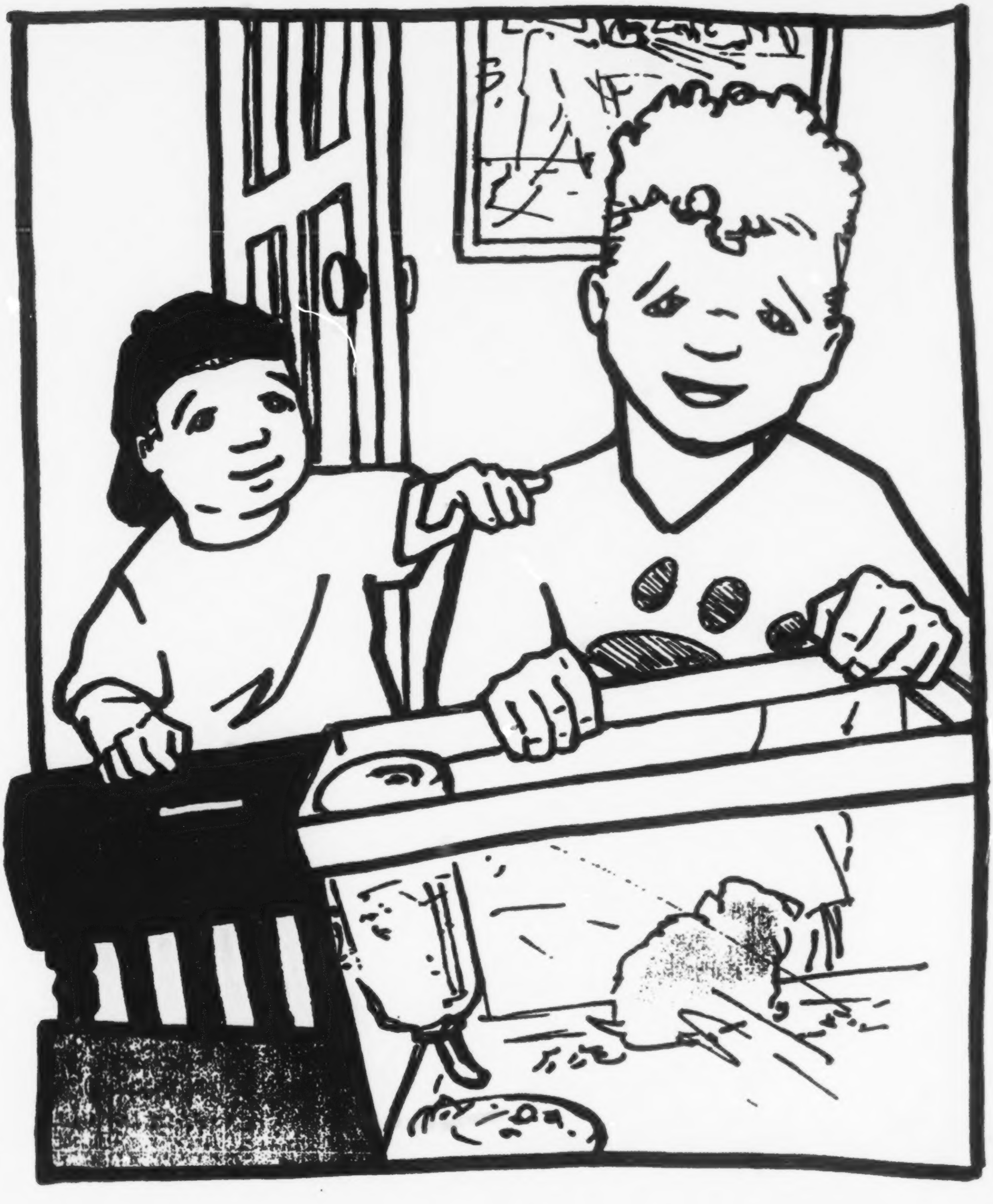
Nicholas and Brian were watching their hamsters playing. "Look at Pockets!" Brian said. "He really likes running through Scamper's maze. You need to buy one for his cage."

Nicholas sighed and said, "I know it, but I used up all my savings when I bought Pockets and all that stuff I need to take care of him. I've been trying to save some more money from my allowance, but I have to buy food and bedding for Pockets and that doesn't leave me much money to save."

"You should ask your mom and dad for a bigger allowance," said Brian.

"Well, I could try. But you know, our television broke a while back, and they had to use part of our vacation savings to buy a new one, so I don't think they have much extra money right now. I don't know if it would do any good to ask," Nicholas said.

"Well, I'm glad you came over," Brian said. "Come back again and bring Pockets. I'll see you at school in the morning."



As Nicholas put Pockets back into his cage at home, he was thinking about asking Mom and Dad for a bigger allowance. "I could tell them how much it's costing me to buy food and bedding for Pockets. I've taken good care of Pockets. They haven't had to tell me even once to take care of him," Nicholas thought to himself.

Christopher came into Nicholas' room and said, "Dad said to come eat."

"Okay, let me lock this cage," Nicholas answered.

"Penny called you a while ago. Dad told her you went to Brian's house," reported Christopher.

"Oh! I hope she wants someone to walk Ms. Green's dog for her on Thursday while she has her piano lessons," Nicholas said to himself. "She was worried about that. Maybe she thought I could do that for her. That would be great. If I could earn that money, boy, could I use it!"

"Do I have time to call Penny before we eat?" Nicholas asked Christopher.

"No!" said Christopher. "Dad said right now!"

"Dad and Mom, can I talk to you about getting a bigger allowance?" Nicholas asked as he put green beans on his plate.

"Why do you need more money?" Dad asked. "We gave you an increase in your allowance when school started this year."

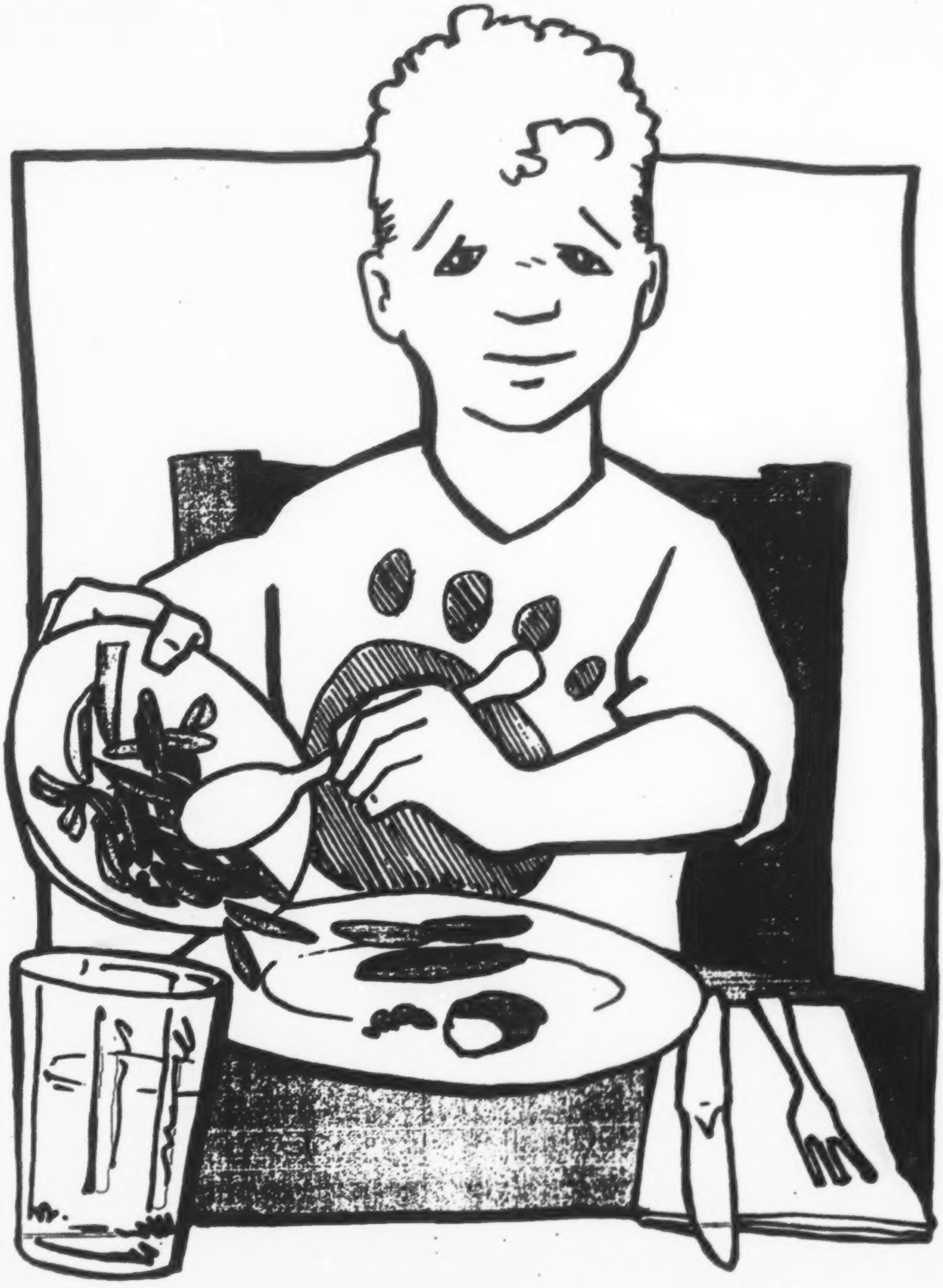
"Well, now I have Pockets, and I'm responsible for buying food and bedding for him," Nicholas answered. "And I'd like to be able to buy him some toys and extra treats, too."

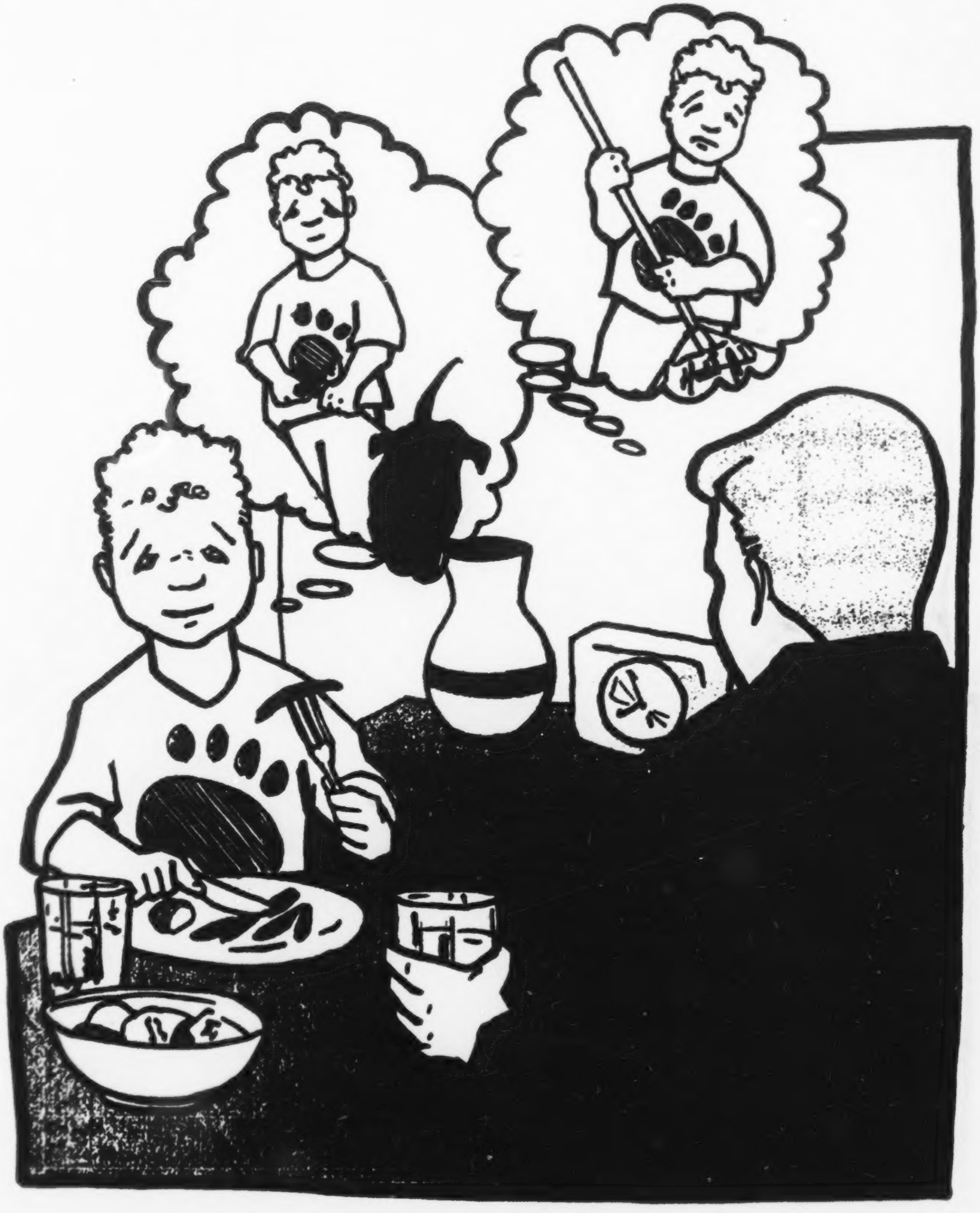
"How much do you have to spend on the food and bedding for Pockets?" Mom asked.

"Each month it's $4.00 for food, and $3.00 for bedding," he answered. "That's $7.00, but with tax it has been costing me nearly $8.00 a month! I don't know why I should have to pay taxes, anyway. I'm just a little kid."

"I know you've been trying to save some money each week in your coin can so you can buy gifts for people at holiday time," Dad said. "That's a good thing to do. And speaking of gifts, don't forget you promised to give 25 cents a week to the Children's Wing at the hospital."

"That's $2.00 a week for taking care of Pocket's needs, and about a dollar a week for gifts," Mom said. "Is that all of your expenses?"





"Sometimes I have to use my allowance money for going to the movies or skating or other fun things I want to do," Nicholas responded.

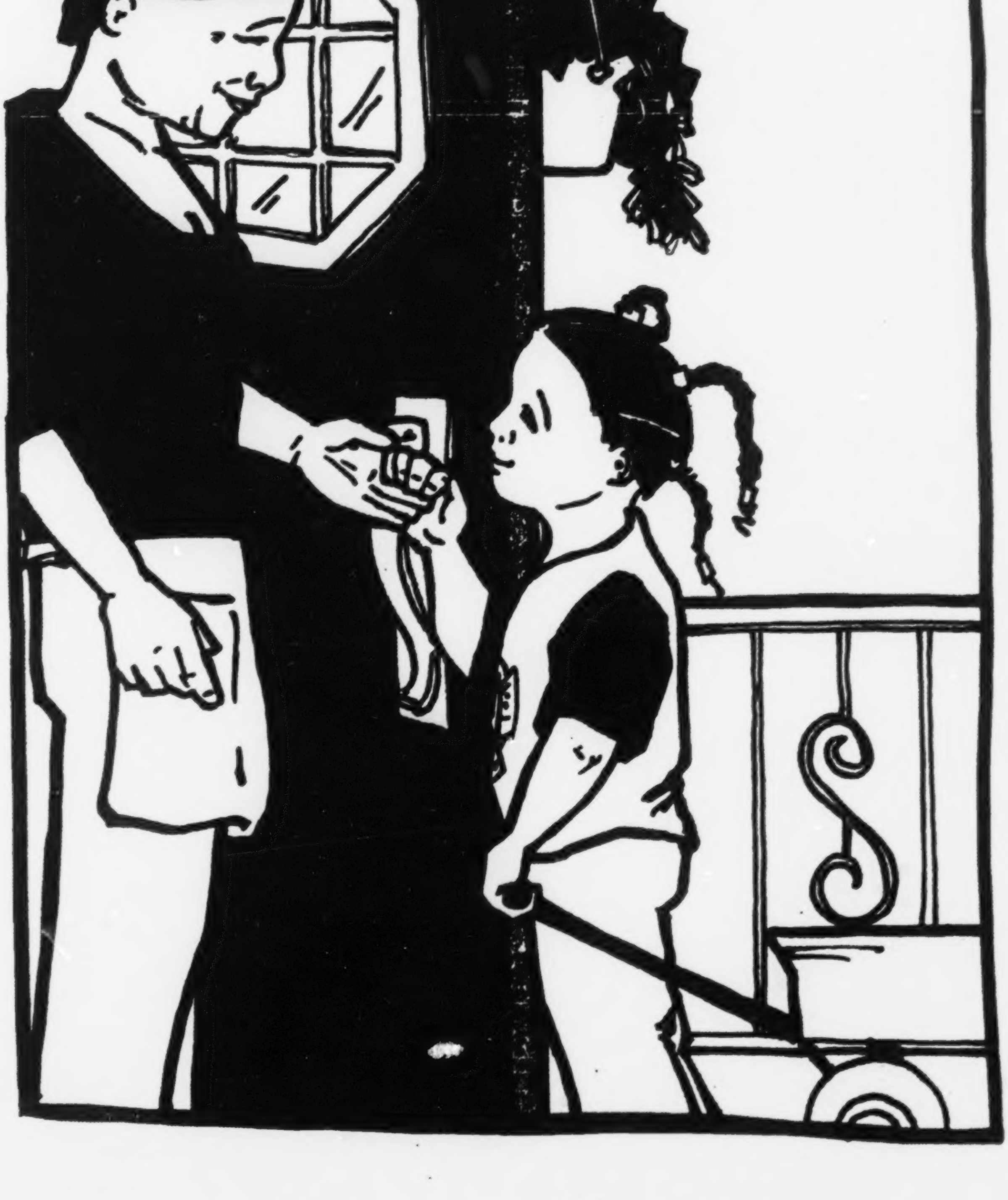
"You know, your grandmother called to ask if you'd like to help her work in her yard," Dad said. "She'd probably pay you another dollar or so each week. Maybe that would help."

"Yes, and I think Penny is going to let me walk Ms. Green's dog for her on Thursdays while she takes piano lessons. I would earn a little bit of extra money doing that," Nicholas said.

"Maybe you should make a list showing how much money you spend each week and how much income you will have with your allowance, walking Ms. Green's dog, and helping your grandmother. That's called a budget. Then we can all look at your budget together and see if you need a bigger allowance to help you meet your expenses," Mom told him.

"We've been very proud of you and the way you have taken care of Pockets," Dad added. "You have been a very responsible pet owner, and we might want to raise your allowance."

After dinner when Nicholas went to his room, he thought about his budget and how to show Mom and Dad that he needed more money. He would need to be careful to do all the math correctly.



Story 16

Success!

Penny pulled her wagon up the sidewalk to Ms. Kim's door. She rang the doorbell and waited for Ms. Kim to answer. "Penny, I am so glad you are able to help me deliver the plants this year. Your wagon will really come in handy, too. Why don't you pull it around to the back of the house and we will load the seedlings," Ms. Kim said.

"Sure! I'll be right there," Penny answered. She was really excited about this opportunity to earn some money.

"Penny, I want to thank you for helping me. I just couldn't do it by myself this year. Your mother told me you were trying to earn money for a new bike, so I guess this makes us both happy," Ms. Kim said.

"I know it makes me happy. I've been working hard to earn some income, as Mr. Lopez calls it," Penny said. "I'll be careful with the seedlings, and I'll bring the money back as soon as they are all delivered."

"Thank you, Penny. I know you are a very responsible young lady. I'll see you later. Be careful," Ms. Kim said as she waved good bye.

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Penny walked down the sidewalk, smiling and thinking to herself, "I have been learning a lot lately about managing my money."

"Hey, Penny! Where are you going with all those plants?" Maria asked as she rode up behind Penny on her bicycle.

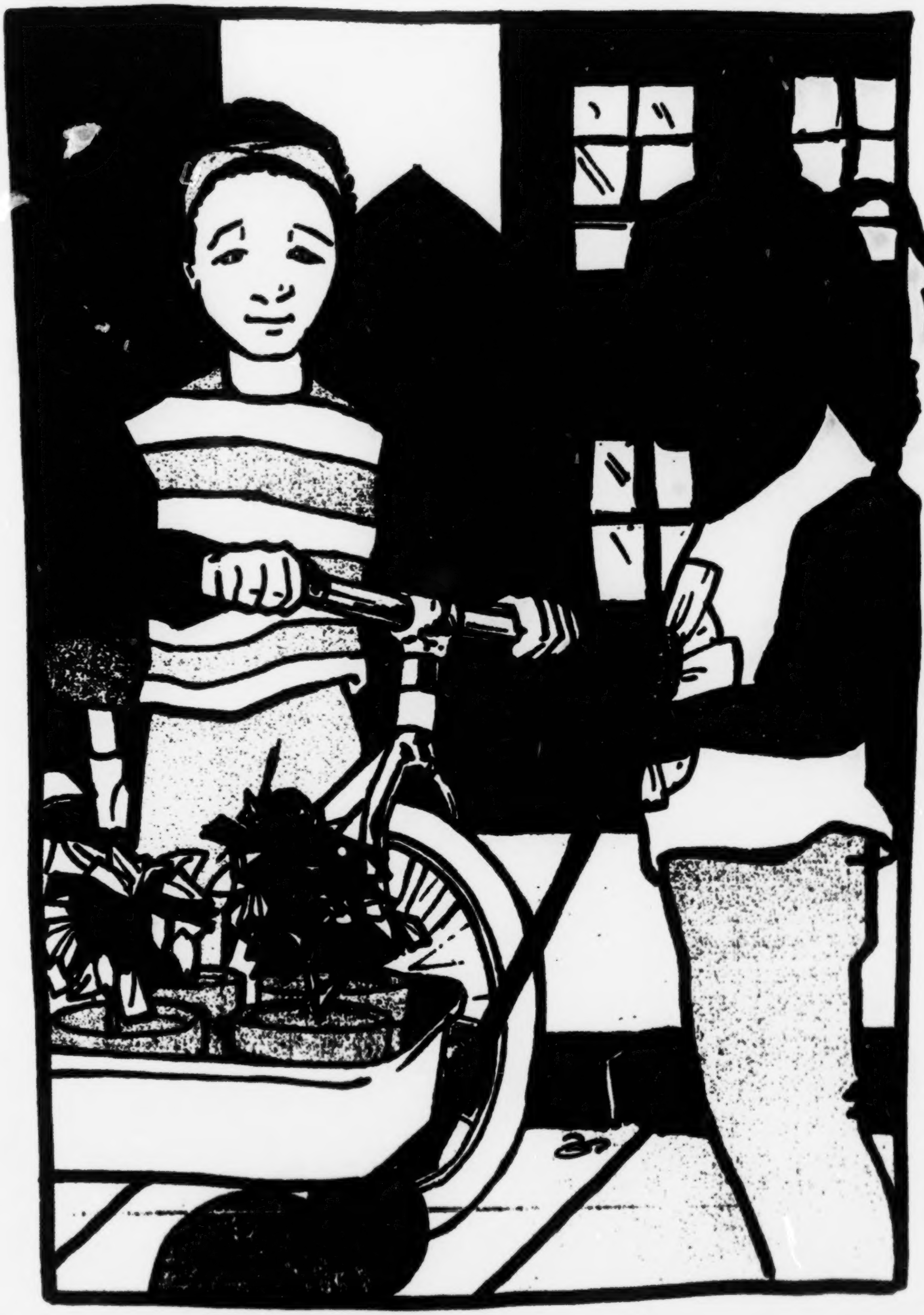
"I'm delivering them for Ms. Kim. You know, she always sells seedlings and plants in the neighborhood," Penny answered.

"When are you going to get your new bike? I can't find anyone to ride with me," Maria said.

"I'm working on it," Penny answered. "When Ms. Kim pays me for delivering the plants, I will put the money in my savings account with the other money I have saved. Every little bit helps."

"How much more do you have to save?" Maria asked.

"Well, if I keep saving all the money I earn along with part of my allowance, I should be able to buy the bike in about two months," Penny explained.



Penny saw Nicholas and Brian sitting on the porch. "Hi, Nicholas! Hi, Brian!" Penny called out. "What are you doing?"

"Brian came over to see how much Pockets has grown," Nicholas said as he held up the cage.

"Oh, let me see," Maria cried. "He's so cute. When did you get him?"

"I bought him about a month ago right after my birthday. I used my birthday money and some money I had saved to buy Pockets, his cage, some food, and some bedding," Nicholas said.

"He sure is cute. Now I know why you want to earn some extra money," Penny said.

"Yes, that's why I want to walk Ms. Green's dog. I can spend that extra money on Pockets," Nicholas said. "What are you doing with that wagon full of plants?"

"I'm delivering seedlings for Ms. Kim. I need to see your mom or dad," Penny answered.

Nicholas went inside to get one of his parents. He was thinking that he'd learned a lot lately about managing his money.

Brian asked, "How did you get your wagon fixed? I thought the handle was broken."

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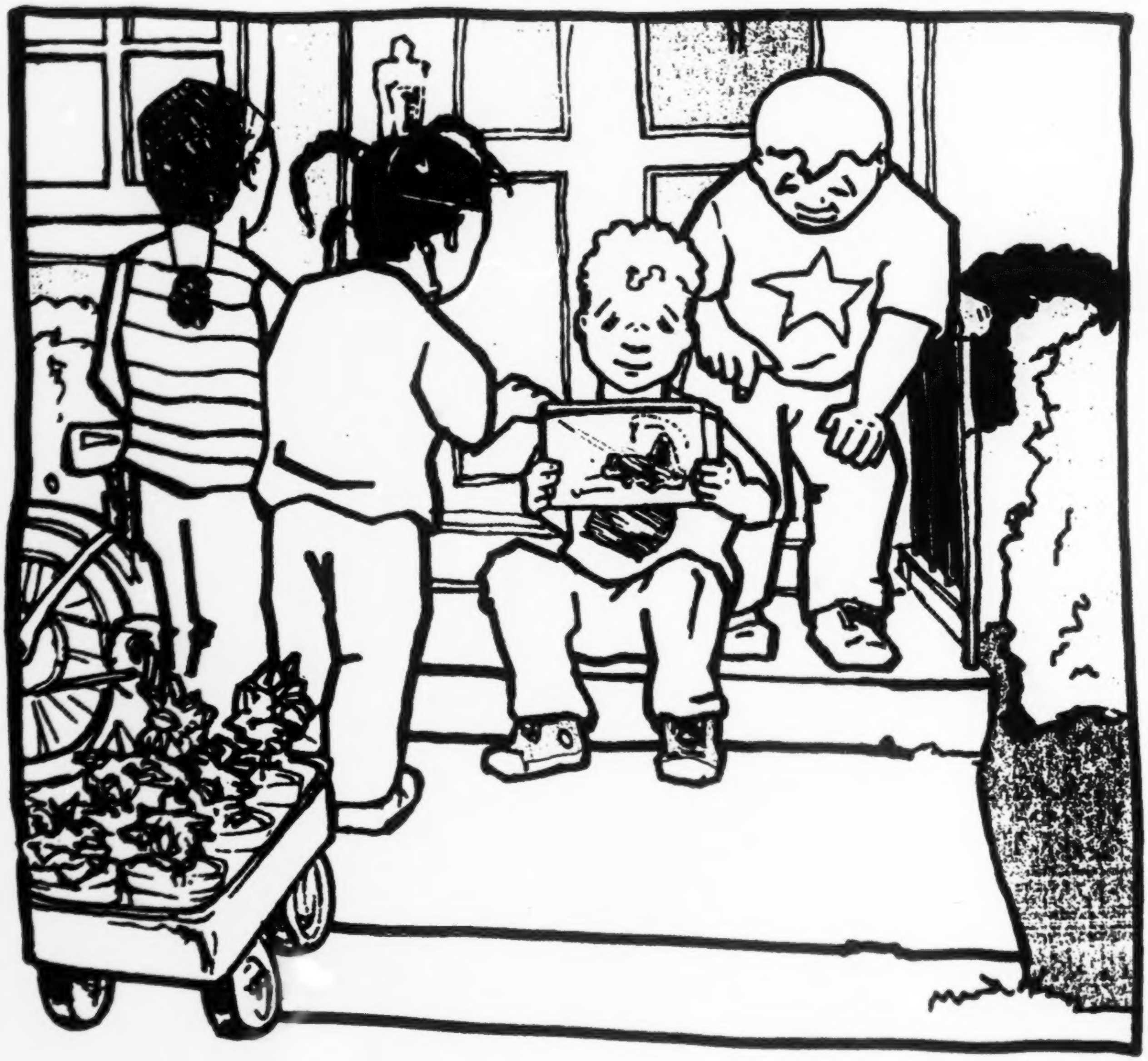

"Mr. Lopez helped me," Penny said. "The wagon needed a nut and a bolt, but all my money was in my savings account so I didn't have any money to buy the parts. Mr. Lopez went with me to the hardware store and let me borrow the money to buy the nut and bolt; then he helped me fix the handle."

"Nobody ever lets me borrow anything," Brian said. "I wonder why?"

Maria answered, "You know why, Brian. You never repay anyone for anything you borrow."

"I'm going to repay Mr. Lopez just as soon as Ms. Kim pays me," Penny said.

Nicholas and his dad opened the door and stepped onto the porch. "Hi, Penny," Dad said.

"I'm delivering your plants," Penny said. "Ms. Kim said you'd know how much to pay me."

"I sure do. We put that in our budget for this week because Ms. Kim called to say the plants would be delivered today. Just a minute, I'll write you a check," Dad said.

As Dad went inside Nicholas said, "I have a budget, too. It shows all the money I earn and all the money I spend. I used it to show Mom and Dad I needed a bigger allowance."

Penny and Nicholas have really learned a lot about money management lately. Have you?

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